FINANCIAL TIMES

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No. 30,000 | Thursday August 7 1986 | D 8523 B

US machine tool groups prepare for change, Page 13

World news | Business summary

Pretoria imposes trade curbs

South Africa carried out its threat to curb trade with neighbouring black states by tightening checks at the main border post with Zimbabwe and imposing a cash deposit scheme on goods moving from South African ports to Zambia.

The move followed this week's endorsement of sanctions against South Africa by six of the seven countries that met in London for a Commonwealth mini-summit on South Africa.

A Johannesburg road haulage company confirmed that customs officials at the Beit Bridge border with Zimbabwe were delaying southbound traffic from Zimbabwe, Zambia and other countries by insisting on meticulous compliance with customs regulations. Page 14

Pardons upheld

Israel's Supreme Court upheld presidential pardons granted to Shin Bet chief Avraham Shalom and three other security agency officials, ensuring they will not face charges in connection with the killing of two Palestinian bus hijackers in 1984. Page 2

Star Wars victory

President Ronald Reagan's Strategic Defence Initiative narrowly survived a serious challenge in the US Senate, escaping cuts to its 1987 research spending by one vote.

New Thai government

Thai Prime Minister Prem Tinsulanonda began putting the final touches to a new coalition government which politicians said could give him unprecedented power.

Thatcher recovering

UK Prime Minister Mrs Margaret Thatcher was recovering from a successful operation on her right hand. She is expected to spend several days in hospital in London. Page 8

New Delhi bomb

A bomb damaged the offices of Bank of America, Saudi Airlines and Kuwait Airways in central New Delhi.

Bush victory claim

Supporters of US vice president George Bush claimed victory in the first political contest of the race for the White House in 1988. Page 4

Sydney record rains

Record rains in Sydney have killed at least four people and caused chaos in the city, with some suburbs declared disaster areas.

Colombian pledge

Virgilio Barco, a centrist technocrat, takes over as Colombia's president with a pledge to fight poverty in order to rid the nation of the violence that has ravaged it for decades. Page 4

Farmers protest

Austrian farmers dumped two tonnes of tomatoes as well as peaches, turnips and a can of milk in front of the Agricultural Ministry to protest against falling incomes.

Albania rail link

Stalinist Albania, which is cautiously easing its isolation from the rest of Europe, became the last European country to be linked to the continental railway network.

Fewer nuclear tests

Swedish defence experts said the number of nuclear tests worldwide fell sharply this year as a direct result of the Soviet Union's one-year moratorium on testing nuclear weapons.

30,000 FTs

The Financial Times, founded in 1888, today publishes its 30,000th edition. Feature, Page 6

Reagan's textile veto is upheld

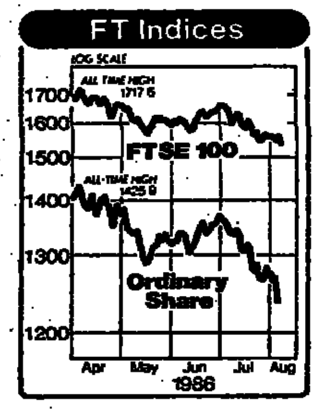
TRADE: US House of Representatives fell eight votes short of the two-thirds needed to override President Ronald Reagan's veto of protectionist textile, apparel and footwear legislation. Page 14

OWENS-CORNING, US building materials manufacturer, confirmed that it received a merger proposal from Wickes Companies, for $70 a share, valuing the company at over $2bn. Sharemarket report, Page 32

WALL STREET: The Dow Jones industrial average closed 2.53 up at 1,779.0 Page 32

LONDON: Equities dropped on scepticism over the Opec pact. The FT Ordinary share index closed 32.1 down at 1,233.7 – its biggest one-day fall – and the FT-SE 100 lost 21.2 to 1,540.4. Gilts were also cheaper. Page 32

FT Indices



TOKYO: Prices fell as enthusiasm waned. The Nikkei average lost 61.30 to 17,353.48. Page 32

DOLLAR closed in New York at DM 2.0735; SFr 1.6720; FFr 6.7285 and Y154.0. It fell in London to DM 2.0815 (DM 2.0880); FFr 6.7650 (FFr 6.7725); SFr 1.6770 (SFr 1.6865), and Y154.35 (Y154.90). On Bank of England figures the dollar's index fell to 111.0 from 111.5. Page 25

STERLING closed in New York at $1.4830. It fell in London to $1.4795 ($1.4860); DM 3.0800 (DM 3.1025); FFr 10.0100 (FFr 10.0650); SFr 2.4800 (SFr 2.5050); and to Y228.25 (Y230.25). The pound's exchange rate index fell 0.5 to 71.3. Page 25

GOLD rose to $361.00 on the London bullion market. It also rose in Zurich to $362.55 from $358.60. In New York the December settlement was $367.50. Page 26

BRAZIL'S industrial output grew by 12 per cent in the first six months against the same period last year, showing the fruits of the Government's economic adjustment programme. Page 4

GKN shares fell 56p by the close of trading on the London Stock Exchange following an interim statement from Sir Trevor Holdsworth, chairman of the UK engineering group, that was much bleaker than the City of London expected. Page 14

BOOTS, UK retail chemist and pharmaceutical manufacturer, is buying Flint Laboratories, a drug manufacturing subsidiary of the US company Baxter Travenol Laboratories, in an ambitious deal worth up to £400m ($592m) aimed at boosting its presence in the world's largest drug market. Page 14

KLEINWORT Benson, the UK's largest merchant banking group, more than doubled its first-half pre-tax profits to £57.7m ($85.7m). The news lifted its share price on the London Stock Exchange by 25p on the day to 740p. Page 18 and Lex, Page 14

NEW YORK judge rejected a "poison pill" anti-takeover defence device in a decision which may call into question the increasing popularity of this method of fending off unwelcome acquisition proposals. Page 15

AMSTERDAM-Rotterdam Bank, second largest Dutch commercial bank, reported first half net profits up 28 per cent at Fl 181m ($77m), compared with the same period last year. Page 16

Washington cuts 1986 growth forecast to 3.2%

BY REGINALD DALE, US EDITOR, IN WASHINGTON

THE Reagan Administration yesterday revised sharply downwards its projection of US economic growth this year, from 4.0 to 3.2 per cent, but said that the pace of upturn next year *should* be slightly faster than had been expected.

In its mid-session review of the 1987 budget, the Office of Management and Budget (OMB) said that because of slower growth this year, and consequently lower government receipts, the outlook for the fiscal 1986 budget deficit had "worsened markedly."

It put the deficit for fiscal 1986, which ends on September 30, at $230.2bn, a record, compared with the $202.8bn in February's budget estimates. The fiscal 1985 deficit was $212.3bn.

For fiscal 1987, however, the OMB estimated the deficit at $143.9bn, virtually unchanged from February and just within the $144bn target set by the Gramm-Rudman balanced budget act. It would be highly preferable to keep the deficit in line with that projection, rather than implement the spending cut process provided for by Gramm-Rudman, the OMB said.

Today, however, the independent Congressional Budget Office is expected to release a much higher estimate of the fiscal 1987 deficit, at about $173bn, suggesting that mandatory spending cuts will be required.

REVISED ECONOMIC ASSUMPTIONS

	1986	1987
Real GNP growth		
Mid-session review	3.2	4.2
February budget	4.0	4.0
GNP deflator		
Mid-session review	2.4	3.7
February budget	3.8	4.1
Interest rates (91-day T-bills)		
Mid-session review	6.0	6.1
February budget	7.2	6.1

Source: Office of Management and Budget

The OMB said that its gloomier figures for growth and the deficit this year were due to weaker than expected economic activity, the marked deceleration in the rate of inflation, (partly in response to falling oil prices) and the decline in interest rates.

The forecast for real growth next year, however, was raised from 4.0 to 4.2 per cent "on the premise that the fundamentals for an economic turnround have improved due to lower inflation and the sharp appreciation in foreign currencies relative to the dollar." Assumptions for 1988 and beyond were essentially unchanged.

In companion figures, the President's Council of Economic Advisers put economic growth in the second half of this year at 4.0 per cent, recovering from a weak 2.4 per cent in the first half. Mr Beryl Sprinkel, the council's chairman, said that the administration expected continued strength in consumption and residential investment, an end to declining business inventories and a recovery in net exports in the second half.

Many private economists doubt that the economy will recover in the months ahead, as the Administration continues to insist, although some concede that the official forecasts are at least possible. "Mr Sprinkel yesterday insisted that his predictions were not "rosy" but "realistic."

Both inflation and interest rates had been considerably lower than assumed in the original February budget estimates, the OMB said. Inflation, as measured by the GNP deflator, was revised sharply downwards from 3.8 per cent to 2.4 per cent for calendar 1986, and from 4.1 per cent to 3.7 per cent for next year.

By the fourth quarter of this year, interest rates, as reflected by 91-day Treasury bills, were expected to be 6.0 per cent, well below the 7.2 per cent originally projected.

Continued on Page 14

Oil prices fall back as traders assess stocks

BY MAX WILKINSON AND RICHARD JOHNS IN LONDON

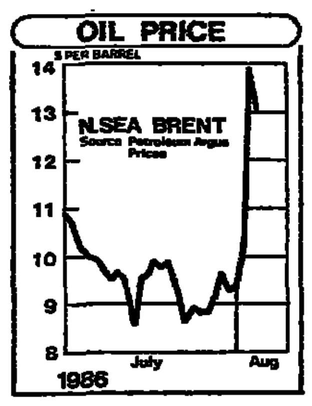
OIL PRICES slipped back on both sides of the Atlantic yesterday as traders assessed the influence of the large volume of stocks and this week's agreement by the Organisation of Petroleum Exporting Countries to curb their output for two months.

In Europe, the price of Brent crude fell by a $1 to $13 after its 50 per cent surge on Tuesday to $14 per barrel in the wake of the Opec agreement.

The markets returned to a quieter mood as companies and traders considered the chances of success for Opec's agreement to cut output by 3.5m barrels a day to 16.8m b/d. They were also waiting to hear how non-Opec countries, including Norway, Mexico, Egypt, Angola, Malaysia and Oman, would respond to the Opec accord.

In Mexico, the Energy Minister, Mr Alfredo del Marzo, yesterday promised a 150,000 b/d cut in oil production to 1.35m b/d. Other countries were more cautious. But the Malaysian Prime Minister's department said oil output would be cut, although it would not say by how much. A similar message came from Egypt.

OIL PRICE



In Oslo, the Norwegian Government welcomed the Opec agreement but remained non-committal about whether it would cut back on the development of new oilfields. It noted that the Opec agreement was only for two months and said that it would have to "carefully evaluate" the situation.

One executive with a major oil company said yesterday that although the non-Opec countries would say that they would try to do something, he expected their actual response to be small.

A more immediate influence on the oil markets yesterday was the large amount of oil now in stocks and in tankers on the high seas.

Mr Michael Church at Prett Oil in London said that the over-supply was still so great that price would have fallen towards $4 per barrel in the absence of the news from Opec.

However, in New York, Mr Peter Beutel at Rudolf Wolff said that although prices had fallen somewhat, the market was generally ignoring the bearish news about stocks.

"The market has given Opec a resounding vote of confidence. It has proved that if they are prepared to cut production, the price of oil will go up sharply. There is a feeling that Opec may stick to this agreement because they can see that if they do not prices will be slashed," he said.

On the New York Mercantile Exchange, the price of West Texas Intermediate crude had fallen 24 cents by noon to $14.80 per barrel.

Yesterday the latest figures from the Paris-based International Ener-

Continued on Page 14

IEA report details, Page 2

London shares in sharp slide

BY GEORGE GRAHAM IN LONDON

THE LONDON stock market fell sharply yesterday as investors took a second look at the optimism created by the Organisation of Petroleum Exporting Countries' agreement earlier this week on cuts in oil production.

As sterling began to ease again, the FT Ordinary index dropped to 1,233.7, its lowest level since mid-February. The fall of 32.1 was the largest points loss ever recorded in a single day.

Three companies, all members of the 30 share index, accounted for much of the loss, and the more broadly based FT-SE 100 share index showed a more modest drop of 21.2 to 1540.4. Oil shares, which have a heavy weighting in the FT-SE index, remained relatively steady, with British Petroleum – down 20p at 590p – the only major loser.

GKN, the Midlands based engineering group, did the most damage to market sentiment by announcing worse than expected results and warning that future prospects were gloomy. Its shares lost 56p to close at 290p.

Some brokers have recently downgraded their forecasts for overall company profits over the coming year, and GKN's announcement reinforced the anxiety. However, analysts yesterday thought it unlikely that GKN's downturn would spread to other companies, and several brokers such as Phillips & Drew and Rowe & Pitman are still expecting 17 per cent growth in company profits this year.

Losses were also recorded by GEC – down 6p at 190p – whose bid for Plessey was rejected by the Monopolies and Mergers Commission, and Boots – 11p easier at 213p – whose price dipped as brokers tried to place £377.5m of its shares to finance its acquisition of Flint Laboratories in the US.

The Boots placing heightened worries in the market over a possible shortage of institutional cash. The £144m ($213m) rights issue by Rowntree Mackintosh, announced the previous day, brought the total of rights issues so far this year to £3.17bn, more than the £3.13bn raised in the whole of 1985.

The dollar, meanwhile, weakened slightly to close at DM 2.0815.

GKN results, Page 14;
Sharemarket report, Page 32

Britain blocks GEC's bid for Plessey

By David Thomas and Charles Batchelor in London

BRITAIN has blocked a £1.2bn ($1.8bn) bid for Plessey by the General Electric Company (GEC). The two companies are the UK's largest manufacturers of defence electronics and telecommunications equipment.

Mr Paul Channon, Trade and Industry Secretary, yesterday accepted a majority recommendation by Britain's Monopolies and Mergers Commission that the bid should not be allowed to proceed.

The commission concluded, however, that GEC and Plessey should rationalise their overlapping manufacturing capacities for the System X digital exchange.

GEC and Plessey together supply between 25 and 30 per cent of the total UK output of electronic components and capital equipment, with a larger share of some important segments.

Mr Channon's rejection of the bid is a complete victory for Plessey which fought a fierce campaign against the takeover attempt, launched by GEC last December.

The majority report, signed by five of the six-strong investigating group from the commission, rejected the merger mainly, because it would reduce competition in the UK defence electronics market.

The majority sided with Britain's Ministry of Defence which insisted that the merger would increase its costs because of reduced competition. The Department of Trade and Industry, by contrast, argued that the merger would produce a bigger group better able to compete in world markets.

Mr Colin Baillieu, the dissenting member of the commission, emphasised in his note the need for a bigger group, particularly to sustain large research and development spending on future high-technology programmes. He argued that there might be alternative sources of competition if the merger went ahead.

GEC told the commission that the two companies' interests in defence electronics were complementary and that a bigger group would be better placed in world markets, partly because it would be more able to fund research on new electronics programmes.

The commission, although accepting the need to rationalise System X, did not accept the GEC and Department of Trade and Industry arguments: "we have only an asser-

Continued on Page 14

Details, Page 8; Editorial comment, Page 12; Feature, Page 12; Lex, Page 14

Sumitomo Bank plans stake in Goldman Sachs

BY TERRY BYLAND IN NEW YORK

GOLDMAN SACHS and Sumitomo Bank yesterday disclosed plans for the Japanese bank to become a limited partner in the US investment banking and brokerage firm. If the deal is completed, Sumitomo will invest $500m in Goldman and have the right to up to 12.5 per cent of Goldman's profits from the end of 1988.

Goldman, the last of the major Wall Street investment banking and brokerage firms in private hands, had been widely expected to follow its rivals in seeking outside capital to fuel its progress in the rapidly expanding world securities industry.

Assuming final agreement by both parties and by the regulatory authorities in Japan and the US, the deal will be completed before November 28.

It would increase Goldman's total capital base, including equity and debt, to $1.83bn, placing it at number four among the Wall Street firms, although still well behind Salomon Bros, Shearson Lehman and Merrill Lynch.

Although formally becoming a limited partner – the prefix "special" was dropped from the title at the last minute – Sumitomo will have no voting rights and no management role.

Sumitomo Bank's investment will be in the form of partnership or equity financing and subordinated debt. But Goldman did not know yesterday what the precise mix would be. However it is clear that Goldman's equity base will increase as a result of the deal. The bank said yesterday that Sumitomo will receive a maximum of 12.5 per cent of its profits in return for the total investment.

These earnings are not disclosed because of the firm's private status, but have been estimated by Wall Street analysts at about $450m pretax in fiscal 1985.

In addition to the injection of capital, the deal appears to offer Goldman a stronger link to the Tokyo market, the prime target of expansion for US securities firms. Goldman gained a seat on the Tokyo Stock Exchange late last year.

Mr John Weinberg, senior partner of Goldman, said "This injection of funds by our new limited partner would assist Goldman in meeting capital requirements for our rapidly growing worldwide business without foreclosing any options."

On Wall Street, the planned deal was seen as an intelligent move for both parties. Affiliates in the local financial markets are seen as central to the success abroad of Wall Street firms, and Goldman appears to have secured this opportunity at the same time as acquiring new capital.

The partnership is expected to continue indefinitely, although there will be a provision for either party to break it after 10 years.

Goldman has taken an innovative path towards the new capital sources sought by the major Wall Street partnerships. Morgan Stanley and Bear Stearns, the two most recent private firms to seek capital, took the path of public offers of stock.

Our Tokyo and Financial Staff add: Sumitomo officials said talks had been initiated only a month ago. The quick pace of negotiations was being seen by Japanese bankers last night as reflecting Sumitomo's increasing emphasis on global securities operations.

Two years ago, Sumitomo acquired majority control of the Swiss-based Gotthard Bank as its securities business base for Europe. It has an existing US presence in commercial banking through Sumitomo Bank of California and Central Pacific Bank of Hawaii.

Sumitomo is the most profitable of Japan's commercial banks, although it is only third largest ranked by assets.

Analysis, Page 15

TOP US INVESTMENT BANKS, RANKED BY CAPITAL

Firm	Capital ($m)	Employees	Status
Salomon Brothers	2,315.3	4,290	public company
Shearson Lehman	2,251.0	21,018	owned by American Express
Merrill Lynch	2,169.5	32,500	public company
Prudential Bache	1,259.3	13,147	owned by Prudential Insurance
Goldman Sachs	1,201.0	4,516	*
First Boston	1,042.2	3,418	public company
Morgan Stanley	976.0	3,947	20% publicly owned
Drexel Burnham Lambert	958.3	7,679	Groupe Bruxelles has 36% stake
Dean Witter Reynolds	884.0	16,314	owned by Sears Roebuck
Bear Stearns	800.0	4,700	20% publicly owned

* *Sumitomo to take 34 per cent, lifting capital to $1.835bn* — *Research: Rivka Nachoma*

CONTENTS

'Duty free' study exposes some poor deals

BY TIM DICKSON IN BRUSSELS

SMOKERS among the travelling public get the best deal in Milan—but those in search of cheap drink should head for Madrid.

These are two of the conclusions of a survey of Europe's duty free shops which highlights not only substantial price differences between individual airports for tobacco, alcohol and perfumes, but reinforce the suspicion that some "duty free" operators are providing a tax concession which is more illusory than real.

"In some cases duty free shops are fleecing the customer." states the Brussels-based consumer watchdog organisation, BEUC, which conducted the survey in April as a follow-up to a similar exercise a year earlier.

The BEUC notes that the evidence of its latest report "more than justifies" its previous findings that some shops appear to be making "excessive profits" and are "abusing a monopoly situation." It calls on the European Commission to launch an immediate investigation.

The report shows that airport shops on average sell perfume, drinks and cigarettes at lower prices than do high street outlets in the same country. But the amount of the saving varies significantly between locations. The difference between airport and town cigarette prices in Athens, for example, is only 9 per cent, compared with 70 per cent in Copenhagen. In Paris, the difference is 21 per cent, less even than the rate of value added tax.

PRICE LEVELS, APRIL 1986
(Cheapest = 100)

	CIGARETTES			ALCOHOL			PERFUMES			
		Duty-free			Duty-free			Duty-free		
	Local shops	Air-port	Differ-ence	Local shops	Air-port	Differ-ence	Local shops	Air-port	Differ-ence	VAT rates
Amsterdam	170	103	−39%	191	109	−43%	274	179	−35%	19%
Athens	114	104	− 9%	180	137	−24%	180	100	−44%	—*
Brussels	170	123	−28%	190	129	−32%	260	187	−28%	Perf: 33%; Cig: †; Alc: 25%
Copenhagen	375	113	−70%	431	130	−70%	251	195	−22%	22%
Dublin	290	123	−58%	349	176	−50%	273	204	−25%	23%
Frankfurt	210	131	−38%	201	138	−31%	274	223	−19%	14%
London	239	119	−50%	270	138	−49%	279	233	−16%	15%
Lisbon	—	126	—	217	142	−35%	238	237	—	16%
Madrid	131	104[1]	−21%	114	100[1]	−12%	254	216[1]	−15%	16%
Milan	178	100	−44%	140	127	− 9%	293	196	−33%	Cig: 18%; Alc: §; Perf: 18%
Paris	135	107[2]	−21%	191	147[2]	−23%	304	237[2]	−22%	Cig: ‡; Alc: 18.6%; Perf: 33.3%
Rome	178	123	−31%	140	116	−17%	280	222	−21%	(cf. Milan)
Vienna	253	141	−44%	212	168	−21%	318	265	−17%	—
Zurich/Geneva	157[3]	113	−28%	339[3]	143	−58%	282[3]	227	−20%	—

* No VAT system
† VAT is paid by manufacturers before taxes
‡ 33.33% before tax = approximately 25% of selling price
§ A complicated system of differential VAT for alcoholic beverages that has been condemned by the Court as discriminatory.

1 All Spanish airports
2 Average Roissy and Orly
3 Downtown Zurich

Comparing European airports, the research shows that Milan is the cheapest for cigarettes, followed closely by Amsterdam, Athens and Madrid. The most expensive airport in the EEC in this respect is Frankfurt where the cost of a smoke is 31 per cent more than in Milan.

The figures for perfumes show similar discrepancies. At Athens and Amsterdam airports, prices are respectively 44 and 35 per cent cheaper than in the high street, but in Lisbon the BEUC could find little difference between duty free and "normal" prices.

By far the best airport in Europe for perfume hunters is Athens, where prices are 79 per cent less than the next cheapest (Amsterdam) though consumers may have to accept a smaller choice.

Copenhagen alcohol prices show the biggest difference between airport and town — 70 per cent — but in Milan travellers save only 9 per cent. Madrid offers the best bargains by comparison with other airports, with Paris the most expensive of the others — 47 per cent more than the Spanish capital.

The BEUC cites examples for the cost-conscious of a one-litre bottle of Chivas Regal which cost FFr 141 (£14) duty-free at Paris airport, and a 75 cl bottle of the same product bought in a French supermarket for FFr 99.50 (£10)—the equivalent of £13 a litre.

Yesterday's report contains a special section on cameras and film, which concludes that compact and reflex cameras are cheaper at Amsterdam, Frankfurt, Paris and London airports than the average price elsewhere. "As prices in town may vary considerably, however, the same camera may be available at the same price or even at a lower price in a normal shop," warns the BEUC. "This is particularly true for Frankfurt as the West German camera market is extremely competitive and shopping around will always bring a considerable saving."

Rolls of film are 2 per cent dearer at London airport than the average market price, but in Dublin and Paris, the airport shops are worthwhile hunting grounds.

The BEUC concludes that price comparisons would be easier for consumers if shops displayed the level of excise duties and VAT deducted from the price.

New head for Swedish opposition party

By Kevin Done, Nordic Correspondent in Stockholm

MR CARL BILDT is to be the new leader of the Swedish conservative party, the country's biggest opposition group.

At 37 he will become Sweden's youngest party leader. He will replace Mr Ulf Adelsohn, chairman of the Conservatives since 1981 who resigned earlier this year in the wake of the party's disappointing showing in last September's general election.

Mr Bildt, who will be formally elected at a special party conference later this month, has risen to national prominence as the Conservatives' spokesman on foreign affairs and security policy. His appointment is the latest in a series of major leadship changes in Swedish politics.

The assassination in February of Mr Olof Palme, Prime Minister and leader of the Social Democrats, and the ousting of Mr Thorbjorn Faelldin, the former Prime Minister, from the leadership of the Centre Party at the end of last year, had already robbed the country of the two personalities which had dominated the political scene for one-and-a-half decades.

The Conservatives (known in Sweden as the Moderates) scored their second best result of the post-war period in last year's general election, winning 21.3 per cent of the votes, but the outcome was still a bitter disappointment.

With their expectations inflated by a series of flattering opinion polls, the Conservatives had hoped to lead the next government, and Mr Adelsohn had his sights set on becoming the country's first Conservative Prime Minister since the late 1920s.

In fact, the party's share of the votes dropped from the post-war peak of 23.6 per cent achieved in 1982, and they lost ten seats winning only 76. Mr Adelsohn announced his resignation at the beginning of June.

Mr Bildt established his national reputation in a series of parliamentary battles with Mr Palme over foreign and security policy, which culminated in the so-called "Bildt affair."

He was a member of the special commission set up by the Government in late 1982 to investigate incursions by foreign submarines close to one of the country's main naval bases. The commission placed the blame for the violations squarely on the Soviet Union.

During a visit to Washington shortly after publication of the commission's report Mr Bildt briefed US State Department officials on its findings. The visit outraged Mr Palme, who claimed it could undermine Sweden's strict neutrality policy but the subsequent political wrangling appears to have helped rather than harmed Mr Bildt's political reputation.

Mr Bildt, who is the son-in law of the former long-serving conservative leader Mr Gosta Bohman, has spent most of his career in politics. He was elected a member of Parliament for Stockholm in 1979 and has been a member of the parliamentary foreign affair and defence committees as well as of the all-party foreign affair council.

Libyan funds frozen

A MILAN magistrate has frozen Libyan deposits in Italian banks to protect long-standing credits of two Italian companies, court officials told AP yesterday. The judge acted on a request of northern Italian companies claiming a credit of about L7bn (£3.3m). The frozen funds belong to six Tripoli-based state-controlled banks.

Several bank officials in Milan also claim that legal action on Libyan deposits in Italy is being pursued by other companies which say they are owed up to L1bn.

Libya has been delaying payments of contracts and supplies, citing the deterioration of its economy caused by falling oil prices. It has long been a major trading partner of Italy and one of its largest suppliers of oil.

Eta letter doubted

Spanish police experts and Basque radicals yesterday expressed strong doubts about the authenticity of alleged threats by Eta terrorists against EEC citizens in Spain, Reuter reports from Madrid. They said that the letter, purportedly from Eta, which was sent to several embassies in Madrid this week, contained the word "Spain,' a worwd which the separatist organisation never used.

Chernobyl delay

A shortage of cement is delaying work on a concrete tomb around the crippled reactor at the Chernobyl nuclear plant, the Communist party newspaper, Pravda, said yesterday, AP reports from Moscow. "The construction of this sarcophagus is going on slower than one would like," it said. Efforts to restart two reactors at Chernobyl and to repair a third depend on completion of the concrete tomb.

Radiation claims

The Norwegian Government has refused to compensate the country's hotel and restaurant owners for loss of trade claimed to be worth several million kroner as a result of the Chernobyl nuclear disaster, writes Fay Gjester in Oslo. Fallout fears, coupled with terrorist worries, have sharply reduced the number of US tourists

Fishing row defused

A row between the European Community and Norway over an effective ban on EEC ships catching cod in a disputed fishing zone appeared to have been defused, Reuter reports from Brussels. Experts are to meet to decide whether Norway's unilateral imposition of catch quotas on third country fleets fishing off the island of Spitzbergen was justified by the need to conserve fish stocks.

Flood of refugees

West Germany said yesterday that nearly 10,000 refugees sought asylum in July, Reuter reports from Bonn. The Interior Ministry said the figure was the highest for a single month for six years and that nearly 90 per cent of those seeking political asylum came from Third World countries.

In Austria, meanwhile, a total of 3,826 refugees, mostly East Europeans, asked for political asylum in the first seven months of the year, a 27 per cent rise over last year's figure, according to the Interior Ministry. Czechoslovaks topped the list, followed by Hungarians and Romanians.

IEA puts demand for Opec oil at 18.5m b/d for rest of year

BY MAX WILKINSON, RESOURCES EDITOR

DEMAND FOR oil from the Organisation of Petroleum Exporting Countries could average about 18.5m barrels a day in the second half of this year, the latest estimates from the Paris-based International Energy Agency suggest.

The agency's forecasts published today do not specifically include a projection of demand for Opec crude. However, forecasts for oil demand and supply from non-Opec sources suggest a figure of 18.5m b/d, significantly more than the production limit of 16.8m b/d agreed by Opec in Geneva this week.

The production limit is to last initially for two months starting in September. If the period were extended, the IEA figures suggest that Opec once again be able to determine the price of crude on world markets.

However, a major uncertainty is the effect of large stocks arising from the recent high levels of Opec production which reached 21m b/d in July.

The IEA estimates that total free world oil supply exceeded consumption by 1.5m b/d in the three months April to June, of which 700,000 b/d was a rebuilding of stocks, mainly by companies. The remaining 800,000 b/d was recorded as a "balancing item," and probably represents cargoes of oil on the high seas or stored by producing nations in tankers around the world.

The agency estimates that the amount of oil which has been shut in from previously producing wells as a result of the price fall is quite small. Its figure of 200,000 b/d is considerably lower than some forecasts within the oil industry earlier this year.

For the third quarter of this year it believes that more flexible pricing policies by non-Opec countries, the ending of the North Sea oilfields maintenance period and some increase in exports from the Communist bloc will raise non-Opec supplies by about 1m b/d to 28.5m b/d.

On the demand side the agency says that underlying growth in the demand for oil may have been running at the equivalent of 3 per cent a year in the second quarter of the year.

In an analysis of prices in petroleum product markets, the IEA shows that the most rapid fall in petrol prices in local currencies and excluding tax has been in the US.

The fall in pump prices there was 29 per cent in the 12 months to mid-July, compared with only 4.8 per cent in Italy, 18 per cent in the UK, 11.7 per cent in Japan, 26 per cent in West Germany and 12 per cent in Spain. The fall in the prices of heavy fuel oil varied from 63 per cent in West Germany to 25 per cent in Spain.

Soviet decision soon on N-tests

THE SOVIET UNION is to announce within a few days whether it will continue its one-year-old moratorium on tests of nuclear weapons, Mr Mikhail Kapitsa, a deputy Foreign Minister, said yesterday, Reuter reports from Moscow.

"Many statesmen and political figures abroad have addressed and are addressing the Soviet government in connection with the question of an extension of the unilateral test moratorium," he told a news conference.

"This question will be considered with due regard for these appeals and according to how far, in our opinion, the United States is seriously prepared to negotiate an end to nuclear tests."

Mr Mikhail Gorbachev declared the moratorium on August 6 last year to mark the 40th anniversary of the atomic bombing of Hiroshima. He has repeatedly urged the US to follow suit.

The freeze, first intended to last until the end of 1985, was extended in January, then in March and again after the April 26 nuclear power station accident at Chernobyl.

Warsaw may free Michnik

By Leslie Colitt in Warsaw

THE POLISH Prosecutor-General has asked the Supreme Court to free the prominent opposition leader Mr Adam Michnik under the current government amnesty.

Mr Michnik, who could be released as soon as tomorrow, would be the second important dissident to be freed. Mr Bogdan Lis, the former deputy head of the banned Solidarity union in Gdansk, was let out of prison last week. Both men were convicted of illegal union activities in the same trial in June last year. Mr Michnik, who is serving a two-and-a-half-year sentence, would have been eligible for early release in October.

Mr Bronislaw Geremek, a senior adviser to Mr Lech Walesa, the Solidarity leader, said earlier this week that the freeing of all political prisoners was a pre-condition for the start of a "political dialogue between the government and the opposition."

He called the government's plan to set up a consultative council containing leading independent Catholics a "potentially important change" in Poland's political stalemate. He pointed out, however, that no prominent Catholic layman would joint such a council until the government showed its "goodwill."

A third union activist convicted in last year's trial, Mr Wladyslaw Frasyniuk, is still serving a 3½-year sentence.

David Lane finds the former world football champions in some disarray

Italy blows whistle on murky side of soccer

IT HAS been an unhappy summer for Italian football. The national side's early exit from the final stages of the World Cup in Mexico was bad enough. But on top of that has come a wave of allegations about corruption and financial irregularities—the most notable involving the side which brought the World Cup to Italy in 1982.

The 22 members of Italy's World Cup squad have been accused of violating the country's exchange control regulations. Some Italians take a relaxed view of these regulations, and feel that the players were merely indulging in Italy's other major national sport.

However, the circumstances of the alleged violations have raised many eyebrows. It is alleged that the "Azzuri," worshipped by thousands of their football-mad compatriots, used their triumphant trip home after the World Cup final in Spain in the president's jet to disguise their gains from the authorities.

The allegations centre on a sum of about L400m (£190,000) said to have been given by a sportswear company for sharing among the squad. Under Italian law, this money, because it was received abroad, should have been declared, and any foreign currency changed into lire.

The then president of Italy, Mr Sandro Pertini, was one of the team's enthusiastic supporters at the Madrid match, and offered the "Azzuri" seats on his plane as honoured guests for the flight back to Italy and a hero's welcome. Many Italians feel particularly unhappy that the unsuspecting, pipe-smoking president may have been used as a screen for lawbreaking.

If convicted, the players face a maximum of 30 months in prison and fines of between twice and four times the sums not declared.

Any jail term could be alleviated by the amnesty expected before the end of the year to help ease the pressure on Italy's overcrowded prison system. However, the ignominy and inconvenience of prison must be a dire prospect for highly-paid football stars—more so than the financial penalties, which are expected to be between L15m and L30m.

The players have been notified by the authorities that they are under investigation, and any court proceedings are likely to take place soon.

It has not gone unnoticed by students of the affair that legislation to raise from L5m to L100m the point where exchange control violations become penal offences was one of many bills which fell by the wayside in the government crisis in June — when the government fell, leading to a long wrangle between the Socialists and Christian Democrats over the presidency.

Some Italians say that Mr Ciriaco de Mita, the Christian Democrat Party secretary, was responsible for provoking the crisis, and thus they go on to blame him indirectly for the plight of the "Azzuri."

As the World Cup scandal developed, the capital city's top club, AS Roma, was in the dock before Uefa, the ruling body of European football. It was alleged in the Italian press that Mr Dino Viola, the AS Roma chairman, had tried to bribe Mr Michael Vautrot, the French referee in charge of the club's 1984 European Cup semi-final against Dundee United.

It appears Mr Viola was the victim of a confidence trick — the referee never became aware that any attempt to bribe him had been made. AS Roma beat Dundee United, then lost to Liverpool in the final. Uefa suspended AS Roma from European competition, but the ban did not last long.

This week, the game's wretched summer came to a head when several club officials and players were suspended from taking part in football and their teams were demoted after being found guilty of rigging league games.

Jubilation in 1972 in Madrid as Dino Zoff holds Italy's trophy aloft after the World Cup final. Four years later, Italian football has been shaken by a series of scandals

It is a measure of the concern felt by the National Football Federation, the sport's governing body, that the hearings on the affair last week were held in public.

Three first-division clubs were among the accused—Bari which had just meen promoted and was relegated at the end of the season; Udinese, which narrowly avoided relegation, and Napoli, one of Italy's most illustrious sides.

Nine clubs from the second division were called before the tribunal, together with nearly 60 players and officials. Eleven of the 24 matches under suspicion in the second division involved the Perugia club Vicenza and the capital's second club, Lazio, were earc involved in five.

The federation relegated Udinese to the second division and Vicenza, which should have been promoted to the first division, will remain in the second. Lazio has been relegated from the second to the third division. Perugia will play in the fourth division next season. Some clubs will face points handicaps when the new round of league fixtures get underway.

Napoli, Bari and three clubs from the second division were cleared by the disciplinary commission.

After the verdicts were given, Mr D'Alessio spoke about the need to safeguard the image of Italian football.

While matters were being wound up in Milan, a new set of hearings was starting in Florence involving clubs from Italy's third division. The authorities are still busy whistling foul against the corrupt elements in the national game.

Shin Bet pardons upheld by Israeli Supreme Court

BY ANDREW WHITLEY IN TEL AVIV

THE ISRAELI Supreme Court yesterday upheld President Chaim Herzog's pardon to four senior security officials involved in the murder of two Palestinian bus-hijackers in April 1984.

In a split, two-to-one verdict, the court endorsed the President's authority to grant pardons to any supplicant in advance of formal charges being brought. The dissenting judge said the untrammelled power given to the President by such a verdict was in conflict with the democratic principles governing the Israeli state.

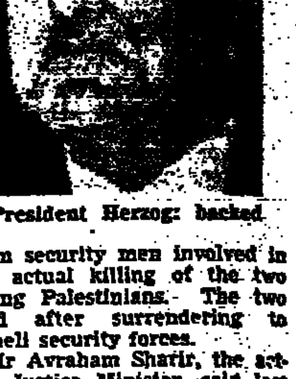
The Supreme Court also ruled, unanimously, against a series of petitions demanding that it order the national unity government to conduct a public inquiry into the so-called Shin Bet affair. It decided that the Attorney-General's recent order to the police to conduct a secret investigation of the activities of the internal security service was sufficient.

The Supreme Court's rejection of all the petitions brought to it by private citizens objecting to the Government's handling of the case is likely to put an end to an affair which has caused a tremendous furore in Israel.

Neither the progress of the police inquiry now under way, nor its final outcome, are to be made public, thus sparing Israel's top politicians much likely embarrassment.

The only remaining possible source of discomfiture for the Government from the scandal could now come from other, lower-rank Shin Bet officials following their superiors in asking for presidential pardons.

The state-run Israel radio said yesterday that following the court ruling eight other pardon applications are likely to be submitted shortly, presumably



President Herzog: backed

from security men involved in the actual killing of the two young Palestinians. The two died after surrendering to Israeli security forces.

Mr Avraham Sharir, the acting Justice Minister, said last month after taking up his appointment that he would be freezing all further pardon requests until he had had the opportunity to acquaint himself with the issues at stake.

While Likud ministers and Knesset members yesterday expressed satisfaction over the Supreme Court's decisions, labour members and civil rights activists, who had pushed for a full public inquiry into the deaths and their subsequent cover-up, said they had achieved their goal through the belated initiation of the police inquiry.

Two controversial items of legislation were finally passed by the Knesset late on Tuesday night, after many months of inter-party squabbling. These were bills making incitement to racial hatred a legal offence and banning Israelis from meeting known members of the Palestine Liberation Organisation.

Bonn to support Egyptian application for IMF loan

BY TONY WALKER IN CAIRO

EGYPTIAN and West German officials meeting here have agreed that a comprehensive solution should be sought to Egypt's debt repayment problems rather than bilateral arrangements with individual creditors.

Mr Martin Bangemann, West Germany's Economy Minister, said after talks yesterday with President Hosni Mubarak, that an international solution to Egypt's debt problems was better than bilateral solutions. He also said Bonn would support Egypt's application for IMF (International Monetary Fund) standby assistance.

The country, which has been hit by the collapse of the world oil market, is facing a crisis in its attempts to meet repayments on its more than $35bn foreign debt. Mr Mubarak last month visited several West European countries, including West Germany, seeking their support.

Egypt wants its friends in the US and Europe to use their leverage with the IMF to persuade it to provide assistance on flexible terms similar to those made available to Mexico.

West Germany "is ready both bilaterally and also by assistance in the international bodies concerned to help Egypt to the utmost of its capability," Mr Bangemann said after his meeting with Mr Mubarak. Egypt's main creditors are the US, France and Spain.

Egypt is seeking about $61bn in IMF support. An IMF team is expected in Cairo soon to begin serious negotiations on a standby.

Sri Lankan parliament approves privatisation plan

BY MERVYN DE SILVA IN COLOMBO

THREE Sri Lankan public corporations will be wound up this week and liquidators appointed as part of the Government's long-delayed privatisation plans.

In spite of strong opposition protests over lay-offs, parliament yesterday approved the closing down of the State Fertilizer Corporation, the Tobacco Industries Corporation and the National Packaging Materials Corporation.

Last week, the 30-year-old National Milk Board was replaced by Milco, a public limited liability company which will sell 49 per cent of its shares to Sri Lankan milk producers.

Mr Denzil Fernando, the Industries Minister, said that overseas inquiries have already come from India, Pakistan and Iraq about the Fertilizer Corporation. International tenders would be invited.

The corporation's losses had averaged about Rs 500m (£12m) in 1983 and 1984 chiefly because of the rise in price of naptha. The loss was reduced to Rs 300m last year but the selling price of the corporation's product, urea, had also fallen.

Although the tobacco industry had grown in the past five years, the corporation had continued to lose ever since its monopoly had been broken by the Government's free import policies. This was also true, Mr Fernando said, of the National Packaging Corporation.

Mr Ronnie de Mel, Finance Minister, said that in his talks with donors before the Sri Lanka aid group meeting in Paris in mid-June, several governments, particularly the US, had criticised the Colombo Government for "paying lip-service" to privatisation.

The World Bank has noted that "the major recipients of lending on advance accounts" are public enterprises, especially the Cement Corporation which has taken two loans of $25m and $17m which it is unable to repay.

The Transport Board was given Rs 100m, the Urban Development Authority Rs 417m and Air Lanka Rs 800m in 1985.

Kabul claims battle victory

Afghanistan says its forces have defeated Moslem rebels in one of a series of battles raging in at least three provinces, Reuter reports from Istanbul.

Radio Kabul said that 50 ground-to-ground missiles, 200 rocket launchers and three mortars had been seized by government troops in the battle in Baghlan Province, north-west of the capital Another assault on rebels had been launched in the central Ghoor Province.

It did not say when the attacks occurred or indicate if they involved Soviet troops, who moved into Afghanistan in 1979 to support Kabul'

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South Africa and Zimbabwe renew trade agreement

BY BERNARD SIMON IN JOHANNESBURG AND TONY HAWKINS IN HARARE

TENSIONS over Zimbabwe's support for international sanctions against South Africa have not prevented the governments of the two countries from concluding a major revision to a 22-year-old preferential trade agreement.

But within days of concluding the new pact, Pretoria has announced its intention of introducing a new licensing system on imports from Zimbabwe. The new system, which comes into effect tomorrow could affect some Z$450m (£176m) worth of trade between the two countries, seems to be in retaliation for Zimbabwe's support for sanctions.

The revision to the agreement followed an exchange of notes between Pretoria and Harare which concluded nearly three years of negotiations. It came into effect on July 31, shortly before the opening of the Commonwealth mini summit to discuss South Africa and which was attended by Mr Robert Mugabe, the Prime Minister of Zimbabwe.

Six of the seven Commonwealth leaders agreed on a wide ranging package of new measures including a ban on air links with South Africa, and a ban on the import of agricultural products, iron and steel and coal.

Last year, Zimbabwe's imports from South Africa rose 18 per cent to $162m, accounting for 18 per cent of total imports, while exports to South Africa fell 23 per cent to $105m. Pretoria remains Zimbabwe's main trading partner accounting for 14 per cent of total trade followed by Britain whose share is 11 per cent.

The trade agreement gives Zimbabwean exporters of manufactured goods preferential entry to the South African market and while the reverse also applies in respect of Pretoria's exports, tight import controls in Zimbabwe have often meant that South African exporters have not been able to exploit their side of the agreement.

Zimbabwe would face major difficulties if it were to implement the Commonwealth sanctions. There are 36 flights a week between Zimbabwe and South Africa of which 24 are by South African Airways.

Zimbabwe would also be hit if it imposed import sanctions against South African coke and steel, since these are major imports that would be difficult to replace with a comparably priced source of supply.

Kenya stays silent on call for sanctions

By Mary Anne Fitzgerald

KENYA, the black African country that has most at stake if a proposed Commonwealth ban on landing rights for flights destined for Johannesburg is implemented, has yet to reply officially to Commonwealth leaders' call for sanctions against Pretoria, sources in Nairobi said yesterday.

Kenya will be reluctant to take any action which may damage its relationship with Britain. But its response will be considered a barometer of black African opinion.

The Jomo Kenyatta international airport at Nairobi handles 38 weekly flights with seven carriers that connect Europe to Israel and South Africa. The flights earn the country valuable foreign revenue estimated at between $25m and $50m a year.

British Airways is the most frequent user of the airport with six weekly return flights refuelling at Nairobi. Swissair and Lufthansa have three return flights each week; KLM, Iberia and Olympic Airways have two and El Al has one.

British Airways refused comment on whether it is considering alternative routes for its South African leg.

The distance between South Africa and Europe coupled with Nairobi's high altitude makes it necessary for aircraft to refuel there. Aircraft with near full tanks are unable to land at the 5,500-ft airport. The carriers are obliged to pay for the fuel, land and parking fees in foreign currency.

Mr Daniel Arap Moi, Kenya's president, failed to attend an Organisation of African Unity summit in Addis Ababa last week. The meeting was dominated by calls for an international economic embargo against the Pretoria regime. National leaders urged member states to goad Mrs Thatcher into changing her mind over sanctions by implementing voluntary measures against Britain.

Mr Moi's absence indicated a reluctance to identify with OAU members' unprecedented hostility towards not only Britain but also the US, West Germany and France for their insistence on continued negotiations with Mr P. W. Botha's administration.

Angola invites southern African leaders to talks

BY MICHAEL HOLMAN

NIGERIA and Kenya have been invited to attend two meetings in the Angolan capital of Luanda later this month at which southern African leaders will discuss the implementation of measures against South Africa agreed to by six Commonwealth leaders in London earlier this week.

Both countries have potentially important roles to play in the sanctions campaign, as Nigeria is Britain's largest trading partner in black Africa, and Kenya is an important stop over for flights from Europe to South Africa.

Last month's meeting of the Organisation of African Unity agreed that members should consider voluntary sanctions against Britain, while a ban on air links with South Africa was one of the measures adopted in London.

Leaders of the Front line states — Angola, Botswana, Mozambique, Tanzania, Zambia and Zimbabwe—are due to start talks in Luanda on August 21, followed the next day by a summit of the Southern Africa Development Co-ordination Conference (SADCC) a nine member group seeking to reduce trade and transport ties with Pretoria.

Nora Boustany sees grounds for optimism among the rubble of Beirut

Lebanese leaders signal willingness to talk

DESPITE THE recent appalling wave of bomb attacks in Beirut, a timid and hesitant willingness to resume some form of political dialogue seems to be emerging in Lebanon.

Syrian soldiers widened their deployment in the Shi-ite southern suburbs of Beirut earlier this week, strengthening hopes that the Damascus-backed security plan could restore a semblance of order to the capital.

The Syrian move into the south of Beirut, supported by Lebanese troops and police, came shortly after the fifth bomb blast in little over a week. The explosions hit both the Moslem and Christian halves of the city, causing nearly 60 deaths and maiming another 350 people.

The first two—massive car bombs hitting crowded low-income districts in Christian East Beirut and the Moslem sector on two consecutive days —were the most devastating, and set off tortuous speculation about the identity of the perpetrators. Three smaller bombs struck areas in the Christian enclave.

If the first two atrocious attacks are linked to one another, and together or in part related to the ruthless machine-gunning of a bus carrying medical staff across town two weeks ago, analysts here believe the acts were aimed at loosening Syria's new grip over West Beirut and fuelling anti-Syrian sentiment in general.

The overall effect so far has been a strengthened Syrian resolve to impose law and order in the anarchy-ridden streets of Moslem-dominated West Beirut.

The bombings had sobering effect after three weeks of euphoria over a recently-applied security plan by Lebanese army and police, boosted by several hundred elite Syrian soldiers, military observers and plainclothesmen.

A Christian militiaman surveys the scene after a car bomb injured three people in East Beirut last week

The re-entry of Syrian soldiers to the Lebanese capital for the first time since the 1982 Israeli invasion has been sharply criticised by the Christian militias, the Lebanese Forces, despite a cautious welcome by other Christian leaders. Mr Amin Gemayel, Lebanon's Christian president, signalled reservations about having foreign troops stationed in his capital without being consulted, but he has also invited Mr Hafez Assad, the Syrian president, to join him in the quest for peace.

In his first major speech this year, made at a ceremony for graduating Lebanese Army officers, Mr Gemayel urged his Syrian counterpart to work for peace in Lebanon. In a fresh bid to resolve an intractable impasse over his leadership, the Lebanese president called on parliament and his ministers to convene in a special session with him to thresh out reforms.

Mr Gemayel's most vocal critic, Prime Minister Mr Rashid Karami, a Sunni Moslem, for the first time dropped his insistence that Mr Gemayel should resign and proposed that a committee be assigned to draw up a draft plan before involving parliament in discussions.

Christian ministers have welcomed Mr Karami's proposal. Despite the apparent movement away from the stalemate that has crippled Lebanese political life since the collapse of a Syrian - engineered tripartite militia accord last January, fears persist that a multitude of factions still have a stake in sabotaging the Syrian-sponsored security plan thus upsetting the relative climate of tranquility.

When Syrian troops first entered Beirut last month, the understanding was that one of their main objectives after pacifying West Beirut would be to keep a lid on Islamic fundamentalists using their impenetrable suburban strongholds as hideouts. Extremist Shi'ite groups are believed to be detaining American and other Western hostages southeast of Beirut.

The Syrians are also eager to control of access routes into the Palestinian refugee camps, where Mr Yassir Arafat, the leader of the Palestine Liberation Organisation, has supporters.

The list of suspects wishing to discredit Syria in its new initiative is as long as the list of those who stand to lose from a restoration of law and order in Beirut.

The Iranian-linked Hizbullah (Party of God) has already voiced its discontent with security measures in areas under its control, though it will have to go along with whatever directives Tehran imposes. Eager to maintain Syria as a major ally in the gulf war against Iraq, Iran seems willing to give Damascus a free hand, provided its proteges in Hizbullah are not harmed.

Arafat loyalists are equally uncomfortable with the nation of Syrian surveillance around the camps, an unavoidable reality once troops and observers are stationed as a buffer force between the camps and Shi'ite strongholds. The Christian militias, the military intelligence section of the Lebanese Army—known here as the Deuxieme Bureau — and, of course, Israel, are all possible candidates, depending on the analysts' convictions.

Political motives aside, the wrath of militiamen and gunmen who have prospered among chaos and in the total absence of government authority is not to be underestimated. Thugs and neighbourhood goons, put out of business by a new order suppressing militia rule, stand to lose the most.

A Western diplomat commented that the disenchantment with militia rule and an acute economic crisis resulting from intransigence on both sides of the political divide had pushed the civilian population to the limit.

"There will always be difficulties, but it will look more like peace than war," he said. However in modern Lebanon that remains the most optimistic scenario.

Border shootings raise Korean tension

BY STEVEN B. BUTLER IN SEOUL

AN OUTBREAK of automatic weapons fire on Tuesday night across the demilitarised zone that separates North and South Korea has dramatised the sharply rising tension in the area since North Korea broke off all dialogue with South Korea in January.

North Korea yesterday accused South Korea of firing 300 rounds at a North Korean guard post without provocation.

The United Nations command in South Korea, which is headed by a US general, later accused the North of firing more than 200 rounds of machine-gun fire at guard posts in the South, after which the South returned fire in self defence. No injuries were reported.

The North described the incident as "a dangerous act which may entail unexpected consequences."

Diplomats in Seoul have recently expressed concern about a desperate tone that has appeared in the usually strident propaganda denouncing South Korea and the US. They say that the North is suffering severe economic difficulties, including a serious electricity shortage, and that, as a result, troop exercises in the North have been sharply curtailed.

North Korea is known to be extremely upset about the Asian Games, which will be held in Seoul in late September, and the 1988 Seoul summer Olympic Games. Mr Kim il-Sung, the North Korean President, is said to have told the visiting Cuban President, Mr Fidel Castro, earlier this year, that Pyongyang would not allow the Olympic Games to take place.

Fears are growing that Pyongyang may initiate some action to prevent the Asian Games, which are now less than two months away.

Japan marks nuclear bomb

The names of almost 5,000 victims of the Hiroshima nuclear blast were added to a memorial roll as the city silently marked its devastation 41 years ago, Reuter reports from Hiroshima.

Cars and trams stopped in the streets, people clasped hands in prayer, offered flowers, or simply stood and remembered the 140,000 victims of the world's first atomic bomb.

AMERICAN NEWS

Brazil's economy grows 12% in first six months

BY IVO DAWNAY IN RIO DE JANEIRO

THE FRUITS of the Brazilian Government's radical economic adjustment programme were revealed yesterday in new figures showing growth in industrial output of 12 per cent in the first six months against the same period last year.

Exports from Brazil have also boomed leaving shortages of many products, particularly manufactured products, on the domestic market, the country's national export agency said.

A report from the National Statistical Institute, the IBGE, showed that steady twelve month growth of 8.5 per cent in the first three months accelerated to 11.46 per cent after the introduction of the Cruzado plan at the end of February.

The economic adjustment programme, which de-indexed the economy, froze prices and created a new fixed-rate currency, provoked a consumer boom which saw several sectors achieve record output and sales.

Economists now believe that the rate of spending will ease in the second half, partly through government measures to curb the boom. But the country seems on target for a year-end growth rate of about 12.5 per cent.

Further good news for Brazil has come in a report from a senior central bank official that initial figures for July show the Government recorded a small surplus after monetary adjust-service payments. Another estimate shows Cz 1bn (£48m) deficit, but this is significantly lower than most economists were anticipating.

Prelminary unofficial forecasts for inflation for July have anticipated a decline to under 1 per cent after a disappointing 1.4 per cent figure in June.

● The Brazilian Government and officials of Ibge, have resolved their dispute over the compilation of future inflation figures.

The Ibge had insisted that the so-called compulsory loans on cars and petrol, impoed last month, should be included in the figures — a move that would have seen the August outcome rise to over 4 per cent.

In a compromise agreement, the Government has accepted the inclusion ofthe loans in the IBGE findings, but will issue its own official indicators that exclude the loans factor. This solution will help stave off the threat of an early obligatory wage rise, required when consumer price rises exceed a 20 per cent ceiling.

Argentina ponders freeze on foreign debt payments

BY TIM COONE IN BUENOS AIRES

PRESIDENT RAUL ALFONSIN of Argentina has told his top ministers to study the possibility of suspending certain foreign debt payments as a result of the US decision to sell subsidised grain to the USSR and China.

Mr Hugo Barrionueva, the Argentinian Labour Minister, said that, shortly before President Alfonsin's departure for Colombia on Monday night, he had convened a meeting in which he gave "precise instructions" to his senior ministers to study the idea.

Pressure is mounting within President Alfonsin's Radical Party, as well as the opposition Peronists, either to suspend or to reduce interest payments of Argentina's foreign debt.

In a debate on the issue in the lower house of the Congress last night, the Peronists were due to propose temporary suspension of payments to the US banks and a limitation on other payments to a percentage of the country's gross domestic product on its export earnings "compatible with an annual growth rate of 6 per cent."

Mr Cesar Jaroslavsky, the leader of the Radical Party deputies, said, however, that the ruling party was seeking bi-partisan support for a more moderate proposal to reduce the interest rates payable on Argentina's foreign debt.

Some 40 per cent of Argentina's foreign exchange earnings came from grain export

Bush camp claims first win in race for president

By Reginald Dale, US Editor, in Washington

SUPPORTERS OF Mr George Bush, the US Vice-President, yesterday claimed victory in the first political contest of the race for the White House in 1988, an obscure Republican primary election in Michigan.

The results confirmed his status as the front-runner for his party's presidential nomination two years hence, his supporters said.

The Bush camp's claim was based on exit polls as Michigan Republicans voted for precinct representatives, who will eventually select delegates to the Republican national convention that is to pick the party's presidential candidate in the summer of 1988.

Mr Bush spent almost $1m (£670,000) in Michigan to establish an early lead, in the face of challenges by Mr Pat Robertson, the television evangelist who is expected to declare his presidential candidacy next month, and Mr Jack Kemp, the New York Congressman, who hopes to be the choice of Republican conservatives.

Other Republican hopefuls deliberately stayed away, arguing that the Michigan poll was far too early and irrelevant to 1988. Nor did they want to risk an early and expensive defeat.

Final results of the contest among more than 10,000 precinct candidates will not be known for several days.

Exit polls, however, suggested that Mr Bush won 28 per cent of the delegates, Mr Kemp 10 per cent and Mr Robertson 9 per cent, with most of the rest undecided.

Questioned about their presidential preferences in general, 40 per cent of the Michigan voters told an NBC-Wall Street Journal poll that they favoured Mr Bush, against 9 per cent each for Mr Robertson and Mr Kemp.

Mr Kemp's supporters admitted that Mr Bush had won, but not by enough for an incumbent vice president with so much money.

"It is catastrophic for the Vice President to fail to get an absolute majority," said Mr Clark Durant, head of the Kemp effort in Michigan.

Canute James describes the aftermath of Jamaica's local elections

Seaga in cleft stick over calls for early poll

MR EDWARD SEAGA, the Jamaican Prime Minister, is caught in a dilemma after his Jamaica Labour Party's poor showing in last week's local government elections—the opposition social democrat People's National Party took 57 per cent of the vote and control of most of the parish councils.

Mr Seaga has to decide whether to call an early general election or to stick to his earlier plan to see out his full term, which has just over two years to run.

His dilemma would be easier to resolve had Jamaicans voted last week on municipal issues. Mr Seaga has denied claims by Mr Michael Manley, the former Prime Minister who leads the PNP, that the elections represented a referendum on Mr Seaga's six years in office. Yet Mr Seaga also sought support by highlighting issues such as the economy and foreign policy.

Mr Manley has interpreted the poll results as a rejection of the administration. Not surprisingly, he calling for an early general election to avenge the humiliating defeat the PNP suffered in 1980, when the Labour Party ended eight years of social democrat government.

Mr Seaga has given no indication of agreeing with Mr Manley, but has spoken of the need for changes in policy and in the leadership of his party.

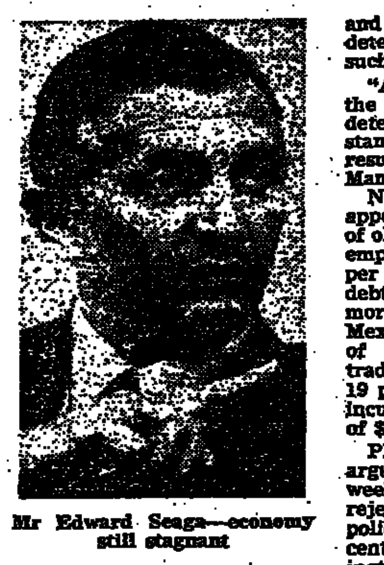
The extent to which these changes will alter Mr Seaga's economic policies is doubtful. He took office on a promise to rebuild a shattered economy. After six years, the economy is still stagnant. Government officials, however, say the policies will bear fruit in about another two years.

Central to Mr Seaga's efforts, and which Mr Manley says the country has now rejected, is a programme of structural adjustment to the island's economy, backed by loans from the World Bank, the International Monetary Fund and other institutions.

The government has tried to reduce dependence on bauxite, agriculture (sugar and bananas) and tourism, the three pillars of the economy. It has enocuraged non-traditional agriculture, such as winter vegetables and horticulture, and tried to lure new foreign investment, mainly in light and high-tech industries from the US.

This has been complemented by efforts to cut the deficit in the fiscal budget, from 17 per cent to 7 per cent of gross domestic product, through redundancies in the state sector and closures of government departments.

A cumulative 77 per cent devaluation of the Jamaican dollar over two years contributed to inflation of 25.5 per cent last year and 27.8 per cent in 1984. But the Prime Minister has argued, with justification, that Jamaican exports are now more competitive.



Mr Edward Seaga—economy still stagnant

Mr Manley used an unrelenting broadside against these policies as the basis for his campaign. The PNP leader attacked Mr Seaga's efforts to deregulate the economy, and the devaluation of the Jamaican dollar.

The opposition leader said the government had caused general confusion by strategies such as its squeeze on credit, and had presided over the deterioration of social services such as health and education.

"All of this must be seen in the context of the terrible deterioration in living standards that has been the result of economic policies," Mr Manley said.

Neither leader, however, appears able to go to the heart of old, intractable problems. Unemployment hovers around 30 per cent, servicing the foreign debt of US$3.2bn (£2.17bn)—more per capita than Brazil or Mexico — eats up 40 per cent of export earnings, and the trade deficit last year of $575m, 19 per cent high than 1984, was incurred on an overall volume of $1.71bn.

PNP functionaries have also argued that the results of last week's elections indicate a rejection of Mr Seaga's foreign policy, which has seen a concentration of attention on Washington and an acid tongue for neighbouring Cuba.

Mr Manley cultivated close ties with Dr Fidel Castro, the Cuban leader, in the 1970s, much to the annoyance of Washington and Mr Seaga. In 1981, diplomatic ties with Cuba were cut. Mr Manley has said he would restore these links.

Mr Seaga's dilemma is not helped by the lack of scope he has for change in economic policies. But even the promise of changes did not help his party's electoral fortunes.

In May he announced the rejection of proposals from the IMF, World Bank and the US Agency for International Development for further austerity, including another devaluation, and instead offered an expansionary budget aimed at achieving economic growth of 5.5 per cent this year, after a decline of 3.7 per cent last year.

In his determined rejection of calls for an early general election despite his unpopularity, Mr Seaga could put some pressure on Mr Manley. The opposition leader will have to find ways of containing the expectations and frustrations of his supporters in the next few months.

Political violence is never far below the surface in Jamaica, as was shown in the post election breakdown of the peace pact between Mr Seaga and Mr Manley which produced a relatively calm campaign.

The PNP leader has repeatedly said he will not turn to political violence. But the clouds of confrontation are already visible. Mr Manley has said he was willing to go to jail to defend Jamaican democracy. His offer followed Mr Seaga's statement that those who had previously tried to force him into an election were either in jail, had been forced to migrate, or were sitting at home without a job.

Cautious Barco takes over in Colombia

BY SARITA KENDALL IN BOGOTA

COLOMBIA'S NEW president, Mr Virgilio Barco Vargas, takes office tomorrow amid enormous security controls as guerrilla attacks multiply around the country.

A tweed-jacketed schoolmasterly figure, Mr Barco has offered political reforms while taking care to avoid specific policies. According to his associates, he is a cautious man who does not make offers he cannot fulfil. The landslide victories won by Mr Barco in the presidential election and the Liberal Party in a congressional election gives the new government a strong mandate.

At least six Latin American presidents and Mr George Shultz, US Secretary of State, will be in Bogota for the change-over. After assuming the presidency, Mr Barco is planning to meet representatives from the nations involved in the Contadora peace-making efforts for Central America. The Contadora group was formed by his predecessor, Mr Belisario Betancur. Mr Barco, who is 64 years old, has had a long career in Liberal Party politics, government service, and international organisations.

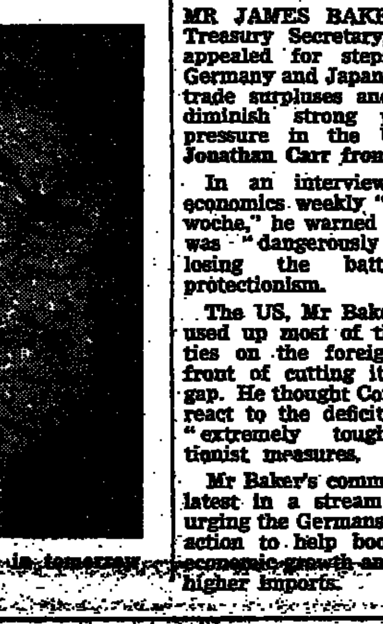
The capital's residents remember him as a competent mayor with an engineer's devotion to public works projects. He has a reputation for persistence, for perfectionism, and for berating people who fail to meet his standards. Born in the north-eastern city of Cucuta, the new president is part of a powerful family, which has derived most of its income from the Barco oil concession, one of Colombia's first oil developments.

His large majority has given Mr Barco the chance to end the tradition by which both Liberals and Conservatives were allotted cabinet posts. The Conservatives, unwilling to accept ministerial appointments made without the approval of the party leadership, have opted for "critical opposition" in a Congress dominated by the Liberals. This is a major change from the consensus system of nearly three decades.

Mr Barco inherits a country suffering from political violence and drug-trafficking, but Colombia's economy is one of the healthiest on the continent.

Economic growth is expected to pass 5 per cent this year, foreign earnings have been boosted by high coffee prices, and inflation is under 20 per cent.

The new President has said that unemployment—which is over 15 per cent—will be one of his main targets. A careful planner, he promises efficiency and proposes to reorganise the budget orienting public spending to help the poor.



Barco—sworn in tomorrow

Baker renews appeal to Bonn

MR JAMES BAKER, the US Treasury Secretary, has again appealed for steps by West Germany and Japan to cut their trade surpluses and thus help diminish strong protectionist pressure in the US, reports Jonathan Carr from Frankfurt.

In an interview with the economics weekly "Wirtschaftswoche," he warned that the US was "dangerously close" to losing the battle against protectionism.

The US, Mr Baker said, had used up most of the possibilities on the foreign exchange front of cutting its big trade gap. He thought Congress could react to the deficit by passing "extremely tough" protectionist measures.

Mr Baker's comments are the latest in a stream of appeals urging the Germans to take new action to help boost domestic economic growth and encourage higher imports.

WORLD TRADE NEWS

Stromberg wins two Bell contracts

By David Thomas

STROMBERG-Carlson, Plessey's US-based telecommunications equipment manufacturer, has been awarded a field trial of a digital exchange by Pacific Telesis, one of seven regional Bell holding companies.

It has also won an order for a a lightwave transmission system from Northwestern Bell for its offices in Minneapolis.

Stromberg-Carlson regards both contracts as crucial steps in its attempt to sell equipment to the Bell companies, each about the size of British Telecom, formed with the break-up of American Telephone and Telegraph.

The field trial is a crucial stage in the elaborate evaluation processes before suppliers are allowed to sell equipment in bulk to the Bell operating companies.

Earlier this year, Stromberg-Carlson won its first field trial for an exchange from a Bell operating company, Bellsouth. Stromberg-Carlson, acquired by Plessey in 1982, is pursuing a twofold strategy in the fiercely competitive US telecommunications market.

First, it is trying to expand from its base in the independent, non-Bell telephone companies by selling small to medium-size exchanges to the Bell companies.

Second, it is trying to broaden its sales in the US market by offering products developed by Plessey.

As a result of this twin strategy, Plessey hopes that Stromberg-Carlson will be able to treble its current turnover of about £135m ($88m) by the end of the decade.

Steven B Butler looks at the semiconductor accord reached by the US and Japan

Chip profits a two-edged sword for S Korea

THE agreement on semiconductor trade reached between the US and Japan may provide welcome relief for South Korean manufacturers of large-scale memory devices—but any profit may also be a two-edged sword.

Entering the market for 64K dram chips, and now 256k dram chips well after the two world leaders, Korean companies have lost millions of dollars selling at prices that had already plunged well below manufacturing costs.

If the US-Japan agreement succeeds in pushing prices back up to $6 for the larger chips, the Korean companies will earn a windfall, even if only for a short time.

The Koreans are reluctant to start making a tally just yet. As Mr George W. Long, a senior analyst at W. I. Carr, said: "If they move in in volume, it will raise protectionist sentiment against them."

All the Korean chip manufacturers have experienced difficulty in turning their prodigious and expensive efforts at mastering foreign semiconductor technology into a profit.

The Koreans were latecomers to semiconductor manufacturing and doubts have persisted from the start about the commercial feasibility of such production. By the end of 1985, Korean companies had already invested some 800bn Won (£650m)) in manufacturing facilities and research and development of semiconductors.

Last year Korea exported more than $1bn worth of the memory devices (mostly the smaller variety that go into watches and calculators). By 1988, Korean companies are planning to spend more than $1bn more to expand production and develop technology with an aim of exporting more than $3bn worth of chips by 1988.

The effort has taken on the dimensions of a gigantic national struggle for technological and manufacturing independence from Japan, for despite the industry's growth, Korea is still a net importer of semiconductors.

In April, 13 private electronics companies and the Government joined forces to form a research institute for the development of very large scale integrated circuits (VLSI), including the four megabyte dram chip, with a budget of 120.5bn Won over the next two years.

SST and Goldstar Semiconductor have been the technological leaders in the field. Each company is part of a large conglomerate with vast financial resources, and is tied to an affiliate that produces electronic consumer goods.

Goldstar has led the domestic industry, while Samsung recently overtook Goldstar in exports. Both companies are making an aggressive push to establish brand-name recognition in North America and Europe, and are planning to expand further into industrial electronics.

The structure of the Korean industry, with semiconductor makers tied to large manufacturing groups, is similar to that in Japan rather than the US, which could prove to be a long-term strength of the industry.

Samsung and Goldstar Semiconductor have each developed technology for the 256K dram chips with help from foreign partners. Goldstar, a more conservative company, has held back from going into full-scale commercial production because of the volatility of the market, but is pressing ahead with development of the one-megabyte chips.

Hyundai Electronics, part of a group dominated by construction, shipbuilding and car manufacturing, was a latecomer to the field, and its entry has been plagued by losses and delays, which many observers attribute to inexperience.

Hyundai's production of 256k dram chips is just coming on stream and Mr J. W. Lee, a Hyundai director, says the company will be producing 1m chips a month by September, and 2m chips a month by the end of the year. An industry analyst says Hyundai has the capacity to increase production to 4m chips a month if the market warrants it.

Hyundai is producing cmos-based technology chips, which are more expensive to manufacture and command a higher price because the chips produce less heat. Mr Lee says Hyundai's sales will jump from practically nothing last year to about $150m this year.

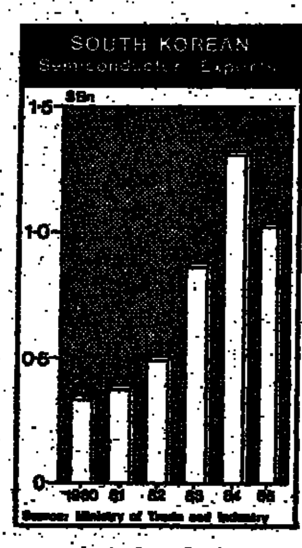
Samsung is producing lnmos-based chips, at a rate of 4m-5m per month, with a capacity of about 6m per month. Break-even prices for the two companies are believed to run between $3.20 and $3.60 per chip, well above current market prices.

Not all Koreans are convinced the US-Japan agreement will be good for them. "I think it has a more negative effect than positive effect," says Mr P. Jung Min, senior managing director of Goldstar Semiconductor.

Mr Min believes that any price increase resulting from the agreement can only be temporary. He fears that US companies will try to impose trade restrictions on Korea now that they have succeeded in doing so with Japan.

Others in the industry, nonetheless, believe there is an opportunity for Korean and US companies to combine their strength against the Japanese producers.

"If we combine the strengths of the two countries," says Mr Lee, "the strong design capabilities of the US and the strong manufacturing capabilities of Korea, this will be a good combination. There will be nothing for the American companies to worry about."



Fears grow over worsening ties with Seoul

BY STEVEN B. BUTLER IN SEOUL

SOUTH KOREA has greeted with quiet resignation the latest textile accord with the US, under which that country's textiles exports to the US will be held to a nominal increase of just 0.825 per cent annually until the end of 1989.

Indeed, the response has been so muted that one is tempted to conclude that the entire nation was holding its breath in fearful anticipation of yesterday's vote in the US Congress, in which supporters of the Jenkins bill failed to override President Reagan's veto in the House of Representatives.

If passed into law, the bill would have dealt a crushing blow to the South Korean economy, forcing Seoul to roll back textile exports by some 30 per cent to 1980 levels. In 1985, South Korea exported some $2.8bn (£1.8bn) worth of textile goods to the US amounting to 26 per cent of all exports there.

Compared to the prospects of these drastic cuts, the bilateral accord appears to have been accepted in South Korea as the lesser of two evils. Officials say privately that Seoul acceded to US demands in order to help defeat the bill.

Many South Koreans also recognise that international restrictions on textile trade help to protect its market share against cheaper producers.

The South Korean Government is still, however, likely to come under considerable criticism from the opposition for its failure to secure a better deal.

US officials have expressed growing concern about the multiplication of bilateral trade disputes and the worsening atmosphere of bilateral relations.

South Koreans were incensed at the US handling of recent requests for negotiation aimed at a revaluation of the country's currency, and US officials admit the Koreans have reason to be angry.

The demand for revaluation was first leaked to the Washington press, and then announced by the US Treasury Korea rejected the demand out of hand.

Given the rising trend of anti-Americanism in South Korea, the sudden demand put both the Seoul Government and the US embassy in an extremely embarrassing position.

The South Korean Government recently made important concessions to the US to improve the protection of intellectual property, open the insurance market to US companies, and to liberalise tobacco imports.

The succession of issues has given the impression that the South Korean Government is incapable of effectively dealing with trade pressure from the US, and that compromises have only brought on greater demands.

Korea and the US now face discussions on the exchange rate problem, aviation rights, and the extension of the general system of preference benefits to Korea.

Toshiba to begin making VCRs in US soon

By Ian Rodger in Tokyo

TOSHIBA, the Japanese electric and electronic products group, will begin manufacturing videotape recorders (VCRs) at its Tennessee plant in October.

The company said the move, which follows similar ones by Hitachi and Matsushita, was aimed at lessening trade friction and avoiding import surcharges that might be levied in future.

Toshiba's Tennessee plant now produces colour televisions and microwave ovens. The company said it would invest Y400m-Y500m (£1.2m) to set up the new assembly line.

Initially, production will be 5,000 units a month with most parts coming from Japan. Production is scheduled to rise to 20,000 units a month from next year. The company currently exports 1.2m VCRs to the US.

Toshiba has formed an agreement with General Electric of the US and Siemens of West Germany to develop common standard cell libraries for designing semi-custom integrated circuit semi- conductors.

● The Furukawa Electric Co of Japan and China's Xian Electric Cable Factory have set up a joint venture to make optical fibres and cables, the New China News Agency said, Reuter reports.

It said the venture, Xifu Optic Fibre and Cable Co, in which the parties hold equal shares, will produce 20,000 km of optical fibre and 2,400 km of optical cable a year after production starts at a Plant in Xian in July 1987.

Jakarta switch on rockets

INDONESIA may stop using US rockets to launch its communications satellites after 1990, because the US has refused to bear the responsibility for failures, Mr Ahmad Tahir, Indonesian Minister for Posts, Tourism and Telecommunications said, AP-DJ reports.

"Maybe Indonesia will use rockets from China or the Soviet Union to launch our communications satellites, if they are found to be more profitable," he added.

The possibility also existed of using Europe's Ariane rockets.

Soviet Union steps up drive to launch Western satellites

BY PETER MARSH

THE SOVIET UNION is stepping up its efforts to persuade satellite owners in Europe and the US to put their payloads on the USSR's Proton rocket. The aim is to take advantage of the technical problems which have grounded the west's main space launches.

Soviet officials feel their most immediate chance of success is to win an order from Inmarsat, an international body which operates telecommunications satellites for ships. The USSR, one of 46 members of the London-based Inmarsat, has a stake of about 4 per cent in the organisation.

Glavkosmos, the Soviet body in charge of civilian space operations, has recently written to Inmarsat officials pressing them to take advantage of a cut-price launch offer which it first formally submitted about three years ago.

Under the offer, a Proton would take into space an Inmarsat satellite in about 1990. The fee would be about $20m (£13m), roughly half the price of a launch on either western Europe's Ariane rocket or the US space shuttle.

Flights of both Ariane and the shuttle are suspended following a series of launch failures, which has led to considerable problems for governments and companies which want to launch satellites.

Of the 20-30 commercial communications satellites due to enter orbit over the next two years, no more than about four are likely to leave the earth, causing a backlog in launches which will have repercussions until the end of the decade.

Satellite owners are, therefore, having to consider alternatives to the shuttle, chiefly the Proton rocket or the Long March-3 vehicle operated by China.

In its letter to the London-based Inmarsat, Glavkosmos has reiterated the offer of letting officials from the organisation accompany all the way to the launch site, the Baikonur cosmodrome in central Asia, any satellite that the Soviet Union agrees to launch.

This represents a considerable relaxation by the USSR on rules which normally prohibit Westerners from visiting the space base, from which many military satellites are launched.

Glavkosmos appears to want to reassure the West that Soviet officials will not tamper with or unduly scrutinise any Western satellites transferred to the USSR for launch.

Some countries, particularly the US, have feared that the offer by Moscow could be an excuse for Soviet technicians to gain knowledge about the sophisticated electronics used in spacecraft.

If the latest Soviet offer is taken up, a Proton could lift into orbit the third in Inmarsat's series of three second-generation satellites. The first two of the spacecraft, being made by a consortium led by Hughes Aircraft of the US and British Aerospace, are due to be launched on Ariane in 1988 and 1989.

Inmarsat said it could not discuss any details of the Soviet offer.

China order for Snamprogetti

SNAMPROGETTI, an Italian state-controlled engineering group, has won a contract for building an urea plan in China, against US and Japanese competition.

The Italian company said the plant, to be built in Henan Province, will have a daily production capacity of 1,760 metric tons and work on it will start soon. The company did not give any financial details.

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UK NEWS

Wider investment scope planned for unit trusts

BY ERIC SHORT

UNIT-TRUST managers will have much wider investment powers, enabling them to invest in almost anything from cash to commodities, under proposals issued yesterday by the Department of Trade and Industry.

The long-awaited document on the future operations of the unit-trust industry within the new financial-services environment, aims to relax the tight conditions under which unit trusts operate, without lowering the high standards of security and service given to investors.

The unit-trust industry has operated for four decades under the supervision of the Department of Trade and Industry. However, the changes taking place under the Financial Services Bill, the European Directive on Collective Investment and the general need for rationalisation has made a complete review of their operations necessary.

The centrepiece of the proposals is the relaxation of the investment rules for existing funds investing in equities, providing greater scope for investment in the unlisted securities market and unquoted securities, and the widening of the investment powers.

Managers will be able to offer money-market funds in both UK and overseas money-market instruments – cash and currency funds, direct investment in property, commodities and commodity futures, financial futures and options and mixed funds. The proposals set out conditions to ensure that investors are protected against the more speculative nature of some such new investments.

The roles of managers and trustees are to be clearly defined. Managers will be required to provide more information to investors and potential investors and existing good practice is to be formalised.

The proposals contain considerable detail on the day-to-day operations of unit trusts, with particular attention given to the pricing mechanism.

Mr Michael Howard, Minister for Corporate and Consumer Affairs, said yesterday that the proposals in the document were intended to initiate a discussion and debate on the nature and scope of the regulations for authorised unit trusts.

That consultative process was welcomed by Mr Clive Fenn Smith, chairman of the Unit Trust Association, and by the unit trust industry.

Raymond Snoddy reflects on a landmark in financial publishing

FT celebrates its 30,000th issue

FROM ITS first day, the Financial Times knew exactly what it stood for. The four-page broadsheet that appeared for the first time on February 13 1888 was the friend of "the honest financier, the bona fide investor and the respectable broker". It was equally firmly the enemy of "the unprincipled promoter, the company wrecker and the gambling operator."

Some things have perhaps not changed all that much as today the FT publishes its 30,000th issue and distributes a record 252,000 copies to 160 countries, many of them getting there because of satellite technology.

The newspaper, now printed in Frankfurt and New Jersey as well as London, will mark the occasion by giving away 5,000 copies in Mansion House Square in the City of London with 5,000 matching pink carnations.

The FT began as the daily version of the weekly London Financial Guide and was probably set up mainly to "knock" The Financial News, established four years earlier.

It was an age when the City and the London Stock Exchange were dominant and financial editors thought nothing of making their fortunes by pushing particular shares, and professional promoters tried their best to encourage them to do so.

For several years it was an ailing publication, losing money under the shadow of The Financial News and kept afloat because its main backer, Mr Douglas MacRae, had a general printing business and could also subsidise it from the proceeds of The Drapers Record.

Then, in 1893, they thought of a splendid gimmick. "We are going to pink tint," the minutes of the board record laconically. The change was almost certainly made to distinguish itself from its more successful rival – although tinted paper was also cheaper in those days.

But it was the Great South African Gold Boom in 1895 rather than the pink paper that established the paper. With the help of an unstable editor of the Financial News during the First World War who insisted on writing about the Unseen Hands – traitors in high places – the FT started to build circulation.

By the 1920s, according to David Kynaston, who is writing the centenary history of the FT, the newspaper had three times the circulation of its black-and-white rival and a reputation for solid and factual reporting that the Financial News was unable to shake.

Even so, when the Labour Government fell in 1931, it was the Financial News that splashed with the story, not the more staid FT. The origins of the modern FT lie in the amalgamation of the two papers in October 1945. The original FT contributed its pink paper and a circulation of about 30,000, and the FN provided a superior team of "bright young graduates" with ideas about the economy and economic journalism. "In terms of character and ethos, it was more Financial News than Financial Times." Mr Kynaston says.

It was old Financial News men such as Hargreaves Parkinson, Gordon Newton and Lord Drogheda who helped to extend the FT from being a newspaper solely for the professional investor into a newspaper for the industrialist and businessman as well.

As the first issue said: "As in the case of every other publication, we came to supply a long-felt want, the only difference being that in this particular instance, such want has not only been found to have a real existence but to abound in a much greater degree than we imagined."

Strike toll last year lowest for 48 years

THE TRADE Union Act, requiring secret ballots before industrial action, may have helped to keep the number of strikes last year to the lowest total since 1938, the Employment Department says, David Brindle writes.

The total of 903 stoppages in 1985, reported in the final strike figures for the year, contrasts with 1,221 in 1984 and an annual average of 1,354 over the period 1975-84.

Figures for the number of working days lost are distorted by the 1984-85 miners' strike and by the teachers' pay disputes, which together accounted for 76 per cent of the 6.4m total reported in the Department's Employment Gazette.

Further figures, excluding the miners' dispute, show a provisional total of 2.4m working days lost through strikes in the year to May this year. That is the lowest level since 1967.

The trend is further borne out by the 1985 statistics for the number of workers involved in stoppages – 790,000, compared with 1.46m in 1984, and an annual average of 1.48m for 1975-84.

The 6.4m lost working days compares with 27.1m in 1984 (22.3m of which were accounted for by the miners' dispute) and a 10-year average of 10m for the period 1965-84.

□ MOORE STEPHENS, the accountancy firm, is expanding its business in West Germany through a merger with a group of independent firms covering 10 business and financial centres.

Under the deal, Moore Stephens's partners in Hanover, Osnabrück and Mannheim will link up with the independents to create a business with 32 partners, more than 320 staff and a combined annual fee income of DM 40m (£12.5m).

□ BRITISH RAIL ENGINEERING (Brel) will next month announce its decision on separate offers made for the former rail works at Swindon, 50 miles west of London.

The works, which employed 2,300 people at the beginning of last year, has been reduced to a foundry and workshop together employing fewer than 400.

Among the bidders for the 147-acre site is Great Western Works, a consortium that aims to develop industrial units, and Trafalgar House, the shipping and industrial group.

□ MOTORWAY service areas are getting better, but not by much, according to a survey by the Consumers' Association. It says that poorly prepared food, dirty toilets and drab decor are still a feature of many establishments. Greater competition among operators, had, however, brought about some improvements.

The accolade of "the most consistently run service areas with good all-round standards" went to Trusthouse Forte and Welcome Break. Rank, Blue Boar and Kenning were said to operate the most disappointing service areas.

□ BRITAIN's civilian workforce rose to 26.8m last year as the number of people of working age continued to increase and more women entered work.

Results from the 1985 Labour Force Survey, published yesterday in the Department of Employment's Gazette, show an increase in the workforce of about 190,000 last year, compared with 312,000 in 1984.

□ CAR REGISTRATIONS in July slightly exceeded industry expectations, at 47,759. That figure, however, is certain to represent less than 3 per cent of the year's total as a result of would-be buyers' holding off for the August 1 D-registration plate.

Ford was the clear market leader with 31.51 per cent. Rover group maintained second place with 15.93 per cent, well clear of Vauxhall/Opel's 14.40.

□ FIRST COMPUTER, the computer-services subsidiary of Heron International, is to be restructured and bought by its management. The company, with sales of £9m last year, will be closing nine out of 11 retail outlets.

Peers refute nuclear risk in Irish Sea

BY DAVID FISHLOCK, SCIENCE EDITOR

ACCUSATIONS THAT the Irish Sea is the most radioactive in the world, made by a parliamentary select committee earlier this year, have been refuted by a House of Lords select committee examining nuclear power in Europe.

The accusation, made in March by the select committee on the environment in its report on radioactive waste, led to calls in the European Parliament that Britain should stop reprocessing operations of British Nuclear Fuels at Sellafield in Cumbria, North-west England.

The accusation arose from the questioning by MPs of a senior scientific civil servant, Mr Alan Preston, director of fisheries research at the Ministry of Agriculture, Fisheries and Food.

The peers, taking the view that it was "an extremely damaging statement," implying that the Irish Sea was dangerously radioactive because of nuclear-industry activities, called upon Mr Preston to amplify his earlier statement.

His reply, quoted in the Lords' report on nuclear power in Europe, published today, makes three points:

On earlier occasions, the outflow of the Columbia River into the Pacific Ocean would have been more radioactive than the Irish Sea.

Sea areas near US nuclear-weapon test sites in the Pacific will, at certain times, have been more radioactive than the Irish Sea.

The natural radioactivity of the Dead Sea in Israel and Great Salt Lake in the US is higher than the Irish Sea "even in the vicinity of the Sellafield outfall."

Mr Preston told peers that the radiation exposure levels to the most exposed groups from radioactivity in the Irish Sea "have at all times been well within accepted safety limits."

The peers conclude that levels and dangers of radioactive discharges by the nuclear industry have often been greatly exaggerated and there is urgent need for an easily understood scale of risk.

Nuclear power in Europe. Report of the House of Lords Select Committee on the European Communities, HMSO, £22.75.

£170m airliner project takes off on time

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITAIN'S latest airliner, the British Aerospace 64-seat Advanced Turboprop (ATP) made its maiden flight yesterday at the British Aerospace (BAe) airfield at Woodford, near Manchester.

The airliner, a £170m private venture, achieved the target for the first flight forecast by the company more than two years ago. It has consistently met its targets on time and cost.

BAe was unable to achieve the double first it had hoped for yesterday. The £180m advanced-technology military Experimental Aircraft Programme (EAP), which had also been scheduled to fly for the first time, was grounded by bad weather at BAe's factory at Warton, Lancashire. It is expected to fly today.

The ATP has been built to meet a market for short to medium-range turboprop airliners worth almost £9bn over the next 20 years. It has already attracted orders "off the drawing board" from British Midland Airways and Liat of the West Indies.

The ATP's £170m development costs are expected to be recouped after sales of between 100 and 120 aircraft at about £7.5m each.

Initial production planned for the third quarter of next year will be two a month and is likely to lead to a build-up of jobs at BAe's Manchester factories, which employ about 6,000 people.

With a seating capacity of between 60 and 72, the ATP will break even with only 17 to 25 passengers.

Productivity defies fall

BY GEORGE GRAHAM

PRODUCTIVITY IN UK manufacturing industry is rising steadily, despite the apparent downturn in the official statistics, an Oxford economist has claimed.

Growth in productivity was sluggish in the 1970s but has picked up since 1980 to an underlying rate of 4 per cent a year, according to Mr John Muellbauer of Nuffield College. Writing in the autumn issue of the Oxford Review of Economic Policy, he says that underlying rate remains in force even though output per head has declined during the past year.

Mr Muellbauer says the official statistics underestimate the level of manufacturing output since companies report list prices that are higher than their actual transaction prices at a time of rapidly falling oil and raw-material costs. That means that figures for the value of manufacturing production are deflated by excessively high prices.

Oxford Review of Economic Policy, £45 a year, OUP, Walton Street, Oxford OX2 6DP.

Coal losses start to mount again

BY MAURICE SAMUELSON

THE BRITISH coal industry has again started to record steep losses only days after announcing its best financial performance for seven years.

It is understood to have lost about £100m in the first quarter of the present financial year. On an annual basis, that would send the board's losses to eight times their latest level and half what they were in the last financial year before the year-long miners' strike, which ended in March last year.

The scale of the losses, which come despite the dramatic improvements in the coal industry's productivity, reflect the impact of the sharp competition from cheaper oil and the recent price cuts of about £400m a year to its leading customers, including the electricity industry, which takes about four fifths of its output.

The scale of the latest losses was learned only a week after Sir Ian MacGregor, chairman, announced that in 1985-86, British coal achieved its best financial performance for seven years, with operating costs the lowest in real terms for eight years and productivity at an all-time peak.

The news also comes only three weeks before Sir Ian is succeeded by Sir Robert Haslam, who has also taken over from him at the helm of the British steel industry. Sir Ian gave a hint of the new scale of losses when he gave a warning last week that the progress achieved last year could not be repeated in 1986-87.

As a result of the oil-price squeeze and competition from foreign coal, British Coal is now giving itself at least a further 18 months to achieve its break-even target, which it earlier predicted would be in 1987-88.

Although that implies a hastening of the restructuring of the industry, the new chairman's task will be complicated by the fact that the generous Government-funded Redundant Mineworkers' Pension Scheme is officially due to terminate next March.

On the other hand, the prospect that future redundancy payments may be less attractive than at present might also swell the numbers of miners applying to leave the industry over the next eight months.

Since the start of the present financial year, some 7,500 men are believed to have taken redundancy, compared with a government estimate that the total number who will leave in the present financial year might reach 20,000.

● The UK electricity industry hopes to save millions of pounds a year as a result of a new computer-aided system for reducing the amount of power lost on overhead distribution cables.

The £250,000 system has been introduced by the South Wales area electricity board, which claims that the initial investment will be recouped three times over in the first year.

The South Wales board, which developed it in conjunction with ICL, the computer group, and Durham University, also stands to earn royalties if the system is installed in other areas. Most of the rest of the UK electricity industry is understood to be considering it, and inquiries have been received from the US, France and India.

Thirty thousand comments can't be wrong.

Today's FT is the 30,000th.

It's difficult now to imagine a time when there was no FT, when its pink pages were not there for the businessman to turn to for an accurate report of some recent event and an unbiased comment upon it.

The beginning.

In fact this institution, with its worldwide network of correspondents and its distribution in 160 countries, began life on February 13 1888 as a rival to the four-page Financial News. And five years later it turned pink to distinguish itself from that paper.

The merger.

The rivalry between the two papers lasted for 57 years, and was finally resolved in October 1945 when Brendan Bracken, who was then Chairman of Financial News, negotiated a merger and the two papers became the forerunner of today's FT.

Growing up.

For the first five years of its life, the new newspaper was held back by newsprint rationing. The end of rationing in 1950 began two decades of development and growth as the FT changed from being a paper for the professional investor to one for the industrialist and businessman.

During this time, the paper expanded in size, interests and staff, setting up one of the largest networks of foreign correspondents employed by any daily newspaper. Along the way, it changed ownership and increased its circulation to 131,000.

Going international.

The biggest single milestone in the paper's recent history was passed on January 2 1979, when the FT printed its first international edition from Frankfurt.

By that time a quarter of the advertising revenue was coming from overseas, and the demand from European and American readers was growing. Printing in Europe meant the FT could reach those readers far more quickly than from the UK.

Since those early days, the international offspring has itself grown up, developing a character and style of its own.

Stateside.

Once established in Europe, America was the next logical step forward.

This step was taken in July 1985 when the FT became the first UK publisher to use British Telecom's satellite transmission to send facsimile pages direct to the States – where they are received, printed and distributed from a plant near New York.

The pink institution.

The FT is now an international institution. It covers a wide range of topics with accuracy and objectivity which are of relevance and importance to businessmen in industry, commerce and public affairs all over the world.

No FT...no 30,000 comments.

Army suppliers withdraw after IRA death threat

BY HUGH CARNEGY IN DUBLIN

AT LEAST three small companies have withdrawn from contracts to supply goods to the security forces in Northern Ireland following death threats by the Irish Republic Army against all civilians working for the Army and the Royal Ulster Constabulary.

A business supplying the RUC with fuel in Newry, County Armagh, an Enniskillen baker supplying bread to the Army in County Fermanagh and a fruit and vegetable wholesaler supplying barracks in Armagh and Omagh announced they were pulling out of their contracts immediately because of the threat.

They joined two construction companies which terminated contracts last week after the IRA killed a quarry owner who supplied materials to the security forces.

The Police Authority, which handles all RUC civilian contracts, said it had received several inquiries from other companies, mainly small local firms, anxious about their safety. It expected more withdrawals as a result but added that most contractors appeared to be waiting to see how serious the threat turned out to be before taking any action.

Senior government, army and police officers have been meeting to consider how to combat the threat. Officials would not comment on what steps might be taken.

An extra battalion of troops was flown into the province early in the year during an upsurge in IRA attacks to give added protection to security force bases. Since then army engineers have taken on an increasing proportion of army and police construction work.

Yesterday, the Confederation of British Industry and the Congress of Trades Unions in Northern Ireland both condemned the IRA move, which extended a year-long campaign of threats and shootings against building contractors to thousands of others doing work for the army and the police.

The CBI said it deplored anything that forced businessmen to take trading decisions on anything but commercial grounds. "This latest threat will do nothing to help the urgently-needed regeneration of the province," it said.

Underlining its comment was the latest report on Northern Ireland's economic prospects, issued yesterday by Coopers & Lybrand, the management consultants.

It said manufacturing output in the province was static in the first quarter of 1986, compared with 2 per cent growth in the same period last year.

Redundancies in the first half totalled 2,800 compared with 3,500 in the whole of 1985, taking unemployment to 126,000 —more than 20 per cent of the working population.

Output was set to rise slightly in the second half, but consumer demand was slipping.

Tories clear way to appoint media chief

BY MICHAEL CASSELL

THE CONSERVATIVE Party yesterday paved the way for selection of a director of communications to spearhead its media-management operation in preliminaries to the next General Election. Mr Harvey Thomas, the present director of communications, has been appointed to the new post of director of presentation and promotion, the Conservative Central Office announced.

The move reflects Tory recognition that a new communications supremo is required to enhance the image of Mr Thatcher and the party and to restore the Tories' electoral appeal.

The new image-maker will follow in the footsteps of Sir Gordon Reece and Sir Christopher Lawson, both of whom were credited with helping Mrs Thatcher win her previous two general elections.

Mr Thomas's responsibilities will include preparation and presentation of party conferences. He will work closely with the staffs of the Prime Minister and other cabinet ministers to ensure maximum benefit is obtained from television appearances, regional tours and press conferences.

Mr Thomas, 46, has been associated with the party in a freelance capacity for many years and was last year taken onto the staff as director of communications.

A former campaign manager for Mr Billy Graham, the evangelist, Mr Thomas has for years stage-managed Tory Party conferences. He is perhaps best known by the public as the man who, within hours of falling several floors in the Brighton bombing, was organising the next day's conference programme.

The appointment means Mrs Thatcher and Mr Norman Tebbit, whose position as party chairman this week has also been a focus of renewed controversy, are looking to replace Mr Thomas with minimum delay. The director of communications is likely to be recruited from outside the party.

PM resting after surgery

BY MICHAEL CASSELL

THE Prime Minister underwent surgery yesterday to rectify the condition which threatened the use of her right hand.

Mrs Thatcher was in the operating theatre at the King Edward VII Hospital in London for just over an hour.

She had been suffering from Dupuytren's Contracture, which was pulling the little finger of her right hand towards the palm.

After the delicate operation her medical advisers were "completely satisfied" with how it had gone.

The hospital said Mrs Thatcher was in no pain and in good spirits. After recovering from the effects of the general anaesthetic, she was said to be resting comfortably.

By last night, the Prime Minister was understood to be dealing with papers requiring her attention. She is expected to remain in hospital for several days and will then take a holiday with her husband in the UK.

MONOPOLIES REPORT ON GEC BID FOR PLESSEY

BY DAVID THOMAS

Performance link to size of company disputed

THERE IS no reason to believe that the proposed merger would improve the UK's ability to compete in national and international markets, the commission concluded.

GEC, supported by the Department of Trade and Industry, told the commission a merger would allow a more effective challenge to the companies' main competitors, who are considerably larger than GEC or Plessey.

In 1984-85, by total group sales, GEC was the 14th largest company in the world selling defence electronics, telecommunications and electronic systems. Plessey was 21st.

However, the commission concluded: "No substantive evidence has been provided to us of the existence in other markets of substantial economies of scale or scope which require a merger for their realisation."

It added: "We have only an assertion that a larger company would be better able to compete in international markets and resist the penetration of overseas companies in the UK."

A merger between GEC and Plessey would result in a company which would still be considerably smaller than the world's leading companies.

"We do not consider that it is possible in the field of electronics to establish a direct link between company size and competitive performance," the report argued.

Both GEC and Plessey have had successes overseas. Plessey exported £163.8m worth of products in 1984-85, equivalent to 17 per cent of group sales in the UK.

Electronics companies, larger and smaller than GEC and Plessey, have been successful against international competition.

The commission also dismissed the argument that a merger was needed to sustain the level of spending required on research and development in high technology areas.

Plessey's R & D spending had increased by 228 per cent in the five years to 1984-85, when it stood at £303m.

"Plessey is very confident in its own ability to sustain the necessary level of research for its future business development," the report said.

The commission added: "On the evidence before us we do not consider we should be justified in rejecting Plessey's view that it will be able to sustain a viable R & D programme in the future."

GEC and the Department of Trade and Industry told the commission the merger could eliminate R & D duplication, while the Ministry of Defence feared the elimination of separate research teams seeking alternative solutions.

The commission concluded that the potential benefits "in relation to the rationalisation of research in a merged group are more than balanced by the potential loss of competition in, and for, research in electronics between those two existing research organisations."

The commission was unable to determine the effect the merger would have on employment, except from the rationalisation of System X, where substantial job losses are envisaged whether or not the merger goes ahead.

Unions representing Plessey workers feared the merger would lead to large-scale redundancies, but GEC said that except for System X job losses would be small.

Merger 'would be against public interest'

GEC's proposal to take over Plessey would be against the public interest and should not be allowed to proceed, says the majority report by the Monopolies and Mergers Commission.

In a note of dissent, Mr Colin Baillieu, a member of the six-strong group which considered the proposal, took the opposite view.

However, both the majority report and Mr Baillieu argued that GEC and Plessey should try to rationalise their overlapping interests in System X public digital switching.

The main objection of the majority report to the proposed merger was its impact on competition within the UK, particu- electronics. Mr Baillieu disputed that the merger would larly in the market for defence necessarily have a substantial impact on competition.

GEC and Plessey are the UK's two largest manufacturers of telecommunications equipment and defence electronic systems.

Together, they supply between 25 per cent and 30 per cent of the total UK output of electronic capital equipment and components, and larger proportions of some important segments of the telecommunications and defence electronics markets.

The majority report says: "Both companies appear at the present time to be generally successful, financially sound and profitable."

So the commission's focus was "on competition within the UK and in the wider European and world markets and the implications for the public interest," though it also considered GEC's doubts about whether Plessey would be able to continue to finance its research and development.

The majority report rejected arguments advanced by GEC and the Department of Trade and Industry that a larger company would be better able to compete in world markets. tion that it could continue to fund its R&D effort and pointed to the potential loss of competitive R&D which could result from the merger.

In defence markets, the majority report accepted the Ministry of Defence's arguments that the merger would result in a loss of competition, thereby increasing the costs to the MoD and reducing the chances of alternative technical solutions to defence problems.

In telecommunications and electronics markets, the commission's main conclusions were:

● There would be cost advantages if the two companies rationalised their System X public switching interests.

● A merger would lead to reduced competition in the supply of PABX private exchanges and of transmission equipment.

● There would also be less competition in traffic control systems, which probably would lead to an increase in cost to the publicly funded traffic authorities.

● There would be no impact on competition in the supply of telephone and pay phones.

Mr Baillieu argued that these arguments paid insufficient attention to the size of effort needed to develop the next generation of electronic equipment;

The General Electric Company plc and The Plessey Company plc: a report on the proposed merger. £9.80. SO.

Support for rationalisation of System X interests

WITH THE exception of the System X public exchange, the commission found that the proposed merger would reduce competition in some important segments of the UK telecommunications and electronics market.

The UK market for telecommunications equipment is worth about £1.6bn a year, according to the commission. GEC and Plessey are the largest UK manufacturers of telecommunications equipment and together supplied about 50 per cent of the market in 1984-85. The two companies also account for about 25,000 of the 45,000 UK workers who make telecommunications equipment.

In spite of telecommunications liberalisation, British Telecom remains the dominant distributor of telecommunications equipment, accounting for about 80 per cent of domestic sales of UK-manufactured equipment.

The report considers separately the main telecommunications and electronics markets in which GEC and Plessey are engaged, which include:

● System X. The commission backs a merger between the two companies' interests in System X, the digital public switching system. But it says that cost pressure on the companies will probably bring this about without GEC taking over Plessey.

Both companies have excess System X capacity because production facilities were set up when export expectations were much greater and before Thorn Ericsson's competing System Y was introduced.

Cost advantages from rationalisation woud outweigh "the existing limited competition between GEC and Plessey for System X business," the report says.

It adds: "A merger should provide better export opportunities for System X and BT would have the advantage of lower costs in its re-equipment programme which should benefit telephone users."

A merger of System X interests would inevitably involve redundancies and would probably mean the end of System X production at one or more sites.

● Transmission systems. The commission concluded that "a result of a merger would be a reduction in competition in the transmission field."

This was particularly true of products like copper and optical fibre transmission, and multiplexing equipment, which concentrates and separates individual signals, where a merger would produce concentrations of market share ranging between 62 per cent and 75 per cent on 1985-86 figures.

BT told the commission it saw some logic in including transmission products in any merger of telephone switching interests of GEC and Plessey.

But the commission concluded that a combination of GEC and Plessey "might, particularly if the markets decline in size, dominate the field to such an extent that the position of other domestic competitors would become very difficult."

● PABXs. A merged group would have about 60 per cent of all PABXs, or private exchanges, sold in the UK. The report concluded: "The merger is likely to result in some loss of competition in the UK in the supply of PABXs to the end user and there is a likelihood that the combined group would lose part of its present market share to foreign equipment."

BT and Telephone Rentals, the two largest PABX distributors, told the commission they might have to source more PABXs from overseas if there was a merger.

● Telephones. A merger would give a combined group about 35 per cent of the UK telephone market. However, this would be offset by the growing number of manufacturers and suppliers which has resulted from liberalisation.

The report says: "The merger would give GEC a very significant share of the market but there are a growing number of competitors and outlets."

● Electronic components and products. A merged group would have market shares of more than 25 per cent in 11 types of components and products. However, in most of these only one of the two companies is effectively involved. The commission reports on two main electronic components and products in which some competition loss might arise from the merger:

First, integrated circuits, for which Plessey told the commission it was the leading UK manufacturer of silicon integrated circuits. GEC's silicon integrated circuits turnover is about a third of Plessey's.

Second, traffic systems, where the combined group would have about 80 per cent of the UK market. GEC said that if the merger took place, it would be prepared to consider disposing of either its own or Plessey's interests in this market.

TELECOMMUNICATIONS EQUIPMENT MARKETS 1984-85

Product	Estimated size of UK market £m	Market share GEC %	Plessey %	Combined %
System X	226	37	63	100
Other public switching	335	24	34	57
Multiplex equipment	105	62	19	81
Copper transmission systems equipment	57	75	17	93
Optical transmission systems equipment	12	4	62	67
Microwave radio	20	50	30	80
PABX equipment	240	30	44	74
Telephones	112	13	22	35

Source: MMC

Proposal 'would hit competition for MoD contracts'

THE COMMISSION concluded that the proposed merger would diminish competition in the defence electronics market. It would therefore be likely to increase the Ministry of Defence's costs and reduce the chance of technical innovations in defence equipment.

In finding this, the commission accepted most of the arguments put to it by the MoD.

GEC and Plessey are the two largest defence electronics suppliers in the UK. In 1984-85, combined MoD payments to them amounted to £1,244m—about 73 per cent of payments to big UK electronic companies.

Spending on electronics accounts for a large and increasing share of the defence expenditure budget.

The report notes the special nature of the defence market. There is only one customer, the MoD, and most suppliers are domestic: only 5 per cent of equipment is bought overseas, while only a further 15 per cent involves overseas collaboration.

The MoD told the commission that effective competition was the bedrock of its procurement policy.

It gave examples of existing contracts—some involving GEC and Plessey—in which competitive tenders had saved between 17 per cent and 34 per cent on the price of previous equipment.

The ministry estimated that such a merger could cost it between £540m and £840m over the next 10 years because of the resulting reduction in competitive tendering.

While the commission said that those figures might not be precise, it argued: "The merger would deprive the MoD of appreciable financial savings which might otherwise be expected to result from competition between GEC and Plessey."

The commission cited several examples of past and potential competition between GEC and Plessey. It concluded: "The merger would cause appreciable diminution of existing competition and loss of potential competition in at least some cases of the kinds described."

These examples include:

● Both companies have competed for orders of two-dimensional ground-based surveillance radars.

● Plessey recently obtained a contract for shipborne naval surveillance radar in competition with GEC.

● Both companies have been successful in competing for contracts for communication equipment.

● GEC beat Plessey for the prime contract for the UK fixed telecommunications network for Royal Air Force sites.

● The MoD said that both companies could compete in the long term for all types of heavy three-dimensional radars.

● The ministry sees Plessey as a potential future competitor for torpedoes, where GEC is the predominant supplier and GEC as a potential supplier of sonars, where Plessey is dominant.

The report also rejected GEC's argument that a single large UK company would be better placed to export defence equipment.

The MoD told the commission that both companies were sufficiently large to take part in the export market and had done so successfully, in the past. The ministry also said there was no evidence that the merger would improve significantly the export prospects for the companies' main products.

The commission concluded: "We agree with the MoD, and believe that GEC and Plessey are more likely to be successful in exporting if they remain subject to the mutual competitive stimulus which the merger would remove."

Neither did the commission accept GEC's contention that a single company would be better placed to take part in international joint ventures in the defence field.

It accepted the MoD's argument that it was preferable to deal with competing international consortia, and that a merger would therefore reduce by one the number of large British companies that could participate in consortia.

The commission also backed the MoD in its worries about the likely impact of a merger on the available range of technical solutions to defence problems.

The ministry said that in a merged group the group management, not the ministry, would choose which technical solutions to pursue.

The MoD would find difficulties in stimulating alternative sources of competition if the merger went ahead, the commission said.

There are also concerns about security of supply in sourcing too much defence equipment abroad.

The commission considered whether Ferranti, Thorn EMI and Racal, companies whose defence electronics sales are at present smaller than either GEC or Plessey, could expand to compete with the proposed merged company.

The commission concluded: "We do not think, however, that it is realistic to expect any of these UK companies to develop the wide range of facilities, skills and experience which Plessey and GEC possess."

These include "both substantial research centres and ability and experience in the development, production and management of defence electronics systems."

DEFENCE EQUIPMENT MARKETS

	Total sales £m a year†	Market share GEC %	Plessey %	Combined %
Military ground-based 3D radar	14	14	61	75
Naval tracking radar	24.8	100	0	100
Airborne radar	105	60	0	60
Airborne communications	31	39	15	55
Airborne weapons systems	63	52	1	53
Surface ship sonar	14	4	91	95
Torpedoes	138.2	100	0	100
Strategic army radio	80.3	10	90	100
Naval ship systems	39	18	25	43

† Average sales 1980-85

Source: MMC

Commission member signs note of dissent

THE PROPOSED merger would not be against the public interest, according to Mr Colin Baillieu, one of the six from the Monopolies and Mergers Commission who signed a note of dissent.

"To take an excessively purist line about a small loss of domestic competition is to perpetuate the balkanisation of an important sector of British industry," Mr Baillieu said.

He argued that three important considerations had not been given sufficient weight in the majority report:

● "The size, sophisication and essentially monopolist powers of the two major UK customers, BT and MoD."

● "The international dimension of the markets for both telecommunications and defence electronics where overseas competition in price and quality can no longer be ignored."

● "The size of the development effort needed for the next generation of equipment which will be beyond the capability of any one national grouping, let alone any one company."

Tackling the key contention in the majority report that the proposed merger would lead to less competition in defence electronics, Mr Baillieu argued: "With MoD encouragement, companies will come forward to offer competition in areas where the UK can sustain more than one supplier."

The MoD's submissions to the commission showed "a degree of pessimism about the vigour of the defence industry which is not warranted."

Competition could be provided for some products, such as torpedoes and sonar data handling equipment, by encouraging international competition. Indeed, international collaboration is bound to increase on some expensive programmes.

The MoD accepts the reality of a single UK supplier in large areas of defence procurement. There is only one UK manufacturer of aircraft, helicopters, aero engines, nuclear submarines and nuclear weapons.

The MoD has a system of competitive sub-contracting, cost control and specification to deal with these areas.

For many defence products, once a contract has been decided by competitive tender the MoD is effectively locked into that supplier often for years.

Costs are bound to be higher if the MoD continues to have to sustain two parallel lines of research on products like large radars.

"The fears of the MoD about a merger of the two research and development establishments seem exaggerated," Mr Baillieu argued.

"The merger could create a company of sufficient strength to maintain future R&D which on their own neither company would be capable of financing," he said.

On the telecommunications equipment side, Mr Baillieu said that allowing the takeover would be the most effective way of securing the rationalisation of System X. Without it "the agony would be long drawn out and the resulting management decisions would lack a clear focus."

He doubted whether the merger would produce competition in other telecommunications equipment and electronics products, except perhaps in PABX private exchanges, where BT could seek relaxation of the limit on PABXs it is allowed to buy from its own equipment manufacturer, Mitel.

Motorcycle safety drive

A LONG-TERM drive to cut the high casualty rate among motorcyclists was launched yesterday. A Department of Transport discussion document called Safer Motorcycling says one option would involve all motorcyclists undergoing a one-day basic training course before being allowed on the roads.

STOCK EXCHANGE BUSINESS IN JULY

Turnover recovers smartly from depressed June level

BY GRAHAM DELLER

STOCK EXCHANGE business during July showed a marked improvement on the previous month's depressed levels. Political worries, currency fluctuations and the then lack of agreement between Opec member states for production cuts combined to produce a lively month in all sectors.

Overall turnover in July rose by £3.36bn, or 8.6 per cent, to £42.25bn — the highest level since the all-time peak of almost £60bn was set in April of this year. The Financial Times turnover index for all securities rose to 1,294.8 from June's measure of 1,192.0.

There were 23 trading days during the month—two more than in June.

British Government securities again put on a volatile performance. Substantial business was generated as the market was freed of the yoke of capital gains tax.

Sizeable switching operations were also reported as institutions revised investment portfolios to take advantage of better yields offered by longer-dated maturities.

Turnover in Gilt-edged securities expanded by £2.56bn, or 10.5 per cent, to £26.97bn. Trade in shorts rose by £1.01bn, or just under 10 per cent, to £11.15bn, while business in longer-dated issues and irredeemables improved by £1.55bn, or 10.8 per cent, to £15.83bn. The Financial Times turnover index for British Government securities was 1,141.6 against the previous month's 1,033.4.

Gilt-edged prices opened July on a relatively bright note again reflecting interest rate optimism. However, for the second successive month, hopes of a further reduction in bank base lending rates were thwarted by a larger-than-anticipated rise in sterling M3. Oil price worries — some observers were forecasting that prices could drop below $5 a barrel — and concern over the Government's position in the wake of its poor showing in the Newcastle-under-Lyme by-election also drained sentiment.

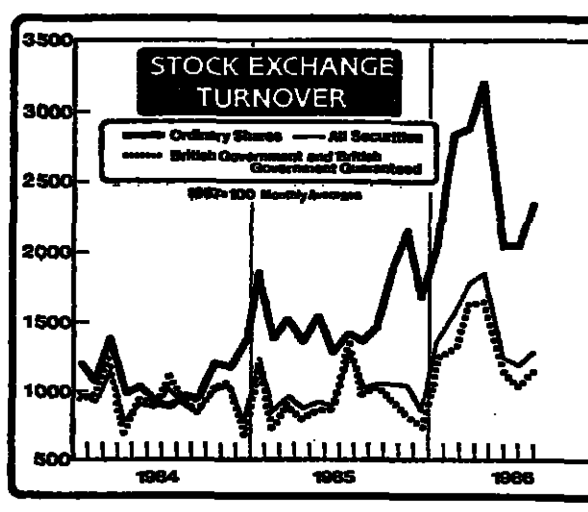
Commonwealth calls for economic sanctions against South Africa proved to be another adverse factor and the FT Government Securities index, up to 91.66 on July 4, closed the month 1.28 points lower on balance at 89.06.

London equities began the month on a steady note. Confidence, boosted by Thames Television's highly successful debut—the issue was 27 times oversubscribed — received a sharp jolt the next day after an extremely disappointing start by Morgan Grenfell. Subsequently, the out-of-favour electrical sector led quotations lower following uninspiring trading news from GEC and Ferranti.

British Telecom also lost ground in the wake of Labour's threat to re-nationalise the company. Fears that this could be carried out at unfavourable terms for investors were exacerbated by a European Court of Human Rights ruling rejecting compensation claims relating to aircraft and shipbuilding concerns nationalised by the last Labour administration.

Breweries were nervous on confirmation that the Office of Fair Trading is to ask the Monopolies Commission to investigate the supply of beer for sale in licensed premises. The FT Ordinary share index fell 95.1 during July to close the month at 1,272.0.

Turnover in equities rose by £1.64bn, or 14.2 per cent, to £13.15bn. The number of bargains transacted in Ordinary shares expanded by 47,206 to 531,018—a rise of just under 10 per cent—while the average value per equity bargain was £1,000 higher at £24,800. The Financial Times turnover index for Ordinary shares was 2,345.7. June's index was 2,053.4.



Category	Value £m	% of total	No. of bargains	% of total	Average daily value £m	Average bargain value £000s	Average no. of daily bargains
BRITISH FUNDS							
Short dated (5 years or less to run)	11,145.2	26.4	26,806	4.3	484.6	415.8	1,165
Others (over 5 years)	15,826.6	37.4	36,154	5.8	688.1	437.8	1,572
TOTAL	26,971.8	63.8	62,960	10.1	1,172.7	853.0	2,737
IRISH FUNDS							
Short dated (5 years or less to run)	548.5	1.3	1,527	0.2	23.8	359.2	66
Others (over 5 years)	939.2	2.2	2,208	0.4	40.8	425.4	96
UK LOCAL AUTHORITY	11.7	0.1	699	0.1	0.5	16.7	31
OVERSEAS GOVERNMENT	235.8	0.5	1,977	0.3	10.3	119.3	86
OTHER FIXED INTEREST	402.2	1.0	26,780	4.3	17.5	15.0	1,164
ORDINARY SHARES	13,145.1	31.1	531,018	84.6	571.5	24.8	23,088
TOTAL	42,254.3	100.0	627,169	100.0	1,837.1*	67.4*	27,268*

* Average value of all securities.

TECHNOLOGY

Vacuum furnaces do not come cheap but manufacturers have begun to realise they can be cost effective. Peter Marsh reports

Industry gains strength by turning up the heat

FROM tooth brushes to optical fibres and from kitchen sinks to car components — engineers are improving a host of industrial products thanks to a promising form of heat treatment which is rapidly gaining ground.

In this process, metals such as steel or aluminium or ceramics like silicon carbide are heated to high temperatures—1,000 deg C or more—under vacuum in computer-controlled furnaces. The technique is a more sophisticated form of the standard form of heat treatment used in industry for decades, in which substances are subjected to lower temperatures in ordinary atmospheric furnaces.

Vacuum heat treatment has been used in the aerospace industry since the 1960s, for jobs such as hardening high-value parts like turbine blades. At $100,000 to $2m—the cost depends on size and sophistication—vacuum furnaces do not come cheap.

In recent years, however, the vacuum techniques have spread to more mundane areas of industry outside aerospace as more manufacturers have realised that the high costs of the treatment may be worthwhile in improving quality. Putting parts through a vacuum furnace, though expensive in itself, may also reduce overall costs by cutting out the need for other processes.

World sales of vacuum furnaces have grown to about $250m a year (of which an estimated half goes to the defence and aircraft industries) with the biggest supplier being US-based Abar Ipsen International, owned by Tube Investments of the UK. Other leading manufacturers include Degussa and Schmetz of West Germany, Japan's Ulvac and Vacuum Furnace Systems, Vacuum Industries and Sunbeam of the US.

Subcontracting concerns, too, have grown in importance. These rent out time on their furnaces to companies which cannot justify the high costs of buying a machine outright. In the US alone, roughly 500 companies offer such services.

Heating metals under vacuum has the overriding advantage that, due to the absence of air, tarnishing of the material through oxidation is avoided. Philadelphia-based Premier Medical, for instance, is using vacuum treatment to harden dental tools prior to electro-polishing.

According to Mr Mark Fishman, assistant general manager at the company, the process gives a more consistent finish than conventional hardening in atmospheric furnaces. Using the older form of furnace would require time-consuming processes to clean up the parts after treatment.

In hardening applications, the material is heated to as much as 1,500 deg C before being rapidly cool—' perhaps by a sudden flow into the furnace chamber of an inert gas such as argon. This has the effect of "quenching" the substance—changing the molecular structure to increase rigidity.

Other applications of vacuum treatment include brazing, or the fusing of two or more metal parts under high temperature, and annealing, in which metal is softened prior to a forming operation such as pressing.

Car companies such as Ford, BMW and Daimler-Benz are big users of vacuum furnaces, either in brazing components such as the sections of aluminium radiators or in treating dies used in casting operations. Vacuum brazing of radiators has largely replaced older techniques in which parts are heated at lower temperatures and require the addition of a flux (such as a salt-based mixture of chemicals) to promote fusion.

Addition of the flux is messy, expensive and can endanger the health of the people supervising the operations. With vacuum treatment, in contrast, the parts to the radiators are held together in fixtures and passed through the furnaces as a continuous process in which handling and cleaning costs are minimised.

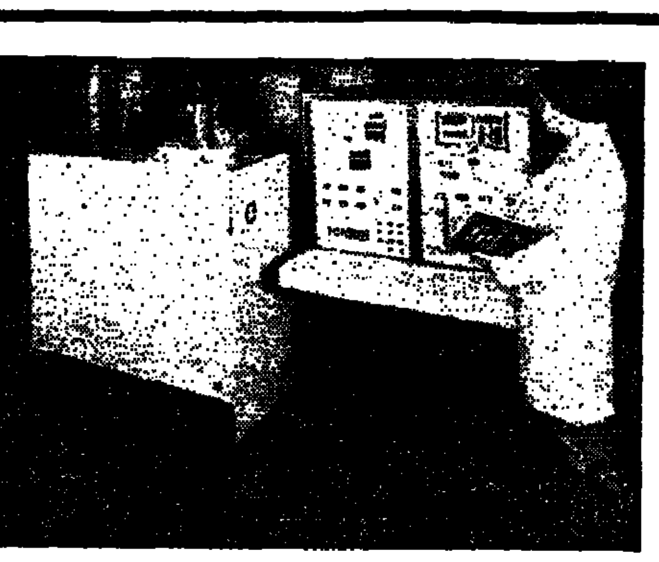
Vacuum brazing of components is also used in other industries where quality of the finished product is important. Howmedica, a medical-equipment company in Eire, uses the technique to fuse metals such as titanium in parts for body implants, artificial hips for instance. In the US, Westinghouse, Bendix, General Electric and Modine apply vacuum brazing in the manufacture of items such as motors and heat exchangers.

Besides ensuring oxidation does not occur, modern forms of vacuum equipment invariably contain small computers to control temperatures to within 3 deg C or less, which is better than the 10 deg or so accuracy of the older form of atmospheric furnaces.

This makes it easier for manufacturers to subject substances to a tailored temperature cycle, to bring about a specific change in the structure of the material. With the closer control, together with improvements in other areas such as furnace insulation, treatment times can be shortened, cutting running costs.

Makers of high-power samarium-cobalt magnets — the companies include Hitachi, Crucible Magnetics and Ugimag — fuse these two elements in vacuum machines under conditions that have to be carefully monitored. Close control of temperature is critical to the success of the process.

Annealing of metal components is required in many areas of manufacturing, as a way to soften material before it is bent, stretched or shaped in some other way. The job can be done adequately enough in atmospheric furnaces — the drawback is the tarnishing which may occur. Swan House Wares of Birmingham has used vacuum annealing to prepare the outer skins of kettles prior to a forming operation. The steel in kitchen sinks is often treated by this technique before pressing, while some manufacturers use vacuum treatment to harden dies for parts such as toothbrushes.



Series 16 vacuum furnace from Torvac, a subsidiary of Britain's Thermal Scientific—a rapidly rsing force in this area of heat treatment.

Blandburgh Nemo, a British subcontractor specialising in vacuum treatment, applies the technology to anneal the ink casings to ballpoint pens immediately before they are sealed. Other applications include heat-treatment of metal goblets.

Mr John Chesworth, chief executive of the Macclesfield-based concern, which competes with other UK vacuum-furnace subcontractors such as Torvac, Senior Engineering and Darlington Chemicals, says that five years ago his company was making very little impact in vacuum technology. Today, however, this adds up to a business for the company worth £4m-£5m a year. Four-fifths of this is for the aerospace industry. Charges for use of the equipment work out at about £40 an hour for a typical application.

Mr Roger Mack, vice president of Bennett Heat Treat and Brazing, a Pennsylvania-based subcontractor, says that customers for his services come from a variety of industries, including springs and fastener production and medical equipment. One company uses vacuum treatment to obtain a bright finish to the cans used for packing cigars.

Centorr, a company in Suncook, New Hampshire, is owned by Thermal Scientific, a UK company which recently acquired Wentgate and Torvac, two established British manufacturers of vacuum furnaces (see accompanying story). The US concern specialises in small high-temperature vacuum furnaces which heat materials up to 3,000 deg C. Such equipment is used to make new forms of ceramics, such as substances based on silicon carbide. By subjecting such a material to a carefully supervised heating cycle, engineers can reduce the brittleness of ceramics to make them suitable for a greater range of applications.

The New Hampshire concern also sells furnaces for the manufacture of optical fibres based on silicon dioxide. These fibres require the addition of small quantities of substances such as carbon to influence properties, for example to make them more transparent. The company's customers include British Telecom, Siemens, Corning Glass, United Technologies and GTE.

THE HIGH-TEMPERATURE ROUTE TO EXPANSION

A NEW UK group in high-technology furnace operations has arisen with the formation three years ago of Thermal Scientific, a public company based in Bamford, near Sheffield. The company was built around Carbolite Furnaces, which makes conventional atmospheric furnaces for scientific applications. Furnaces account for some two-thirds of Thermal Scientific's annual sales of £20m.

Among the other parts of the group are Wentgate and Torvac, which sell vacuum-equipment and electron-beam welders (machines which fuse parts by heating them with electrons under vacuum). Thermal Scientific also owns interests in thermal measuring instruments, plastics machinery and three specialist manufacturers of small furnaces—R. E. Pickstone and Lenton Thermal Designs of Britain and Centorr of the US.

The company has a 10 per cent stake in Tecvac, a small Cambridge-based engineering concern which sells machines for hardening the surface of metals either by shooting at them high-energy ions or by adding titanium nitride.

According to Mr Bob Huddie, chief executive of Thermal Scientific's furnaces division, the different units of the company are left to run themselves independently, sharing some of the costs of new developments.

Enter a chip for the 1990s

OUT OF THE BACKROOM

by David Fishlock

A DISCOVERY which has emerged simultaneously from a US university laboratory and a British company's research centre could make a dramatic impact on "chip" technology in the 1990s. This is a way of marrying two semiconducting materials previously believed to be irreconcilably incompatible.

For a quarter-century gallium arsenide, a dark, crystalline semiconducting compound, has been threatening the dominance of silicon as the raw material of solid-state electronics, without ever making major inroads into silicon's markets. The development potential of silicon seemed to be inexhaustible, while the basic drawbacks of gallium arsenide refused to go away.

Those snags are that it is ten times as costly as silicon to refine, has poor thermal conductivity, and "makes glass look robust," says Professor William Gosling, director of research at Plessey, the British electronics group. So far those snags have thwarted any head-on competition with silicon, despite a worldwide research investment in gallium arsenide which George Gibbons, managing director of Plessey Research, puts at about $1bn.

In the mid-1970s attempts were made to marry silicon and gallium arsenide in order to take advantage of the superior speed of the compound, coupled with a far greater efficiency in handling light.

The idea then was to put a layer of gallium arsenide on a wafer of silicon, using the silicon simply as a compatible substrate that could also act as a heat sink for the poorly conducting compound. The idea failed because of basic differences in the crystal structures. The mismatch strained and ruptured the film of gallium arsenide.

The idea resurfaced a year or two ago, through research into "superlattice structures." These are sandwiches of exceptionally thin films of material, only a few atoms thick, which exhibit properties quite different from the same substances in bulk. Superlattices hold promise for entirely new kinds of semiconductor, created to order to tackle a particular task. Entirely new technologies have emerged recently to build superlattices.

But superlattices also turn out to have novel mechanical properties. Plessey scientists led by Mike Cardwell, manager of solid-state research at the Allen Clark Research Centre at Caswell, Northants, and Professor Hadis Moroc and his team at Illinois University, Urbana, Illinois, have discovered that a superlattice can act as a "mechanical sponge" soaking up stresses between the different crystal structures and suppressing their flaws.

The superlattice consists of several separate layers of semiconducting compound, each a few atoms thick, deposited on a silicon wafer. Both teams use such compounds as gallium indium arsenide and gallium aluminium arsenide.

A much thicker film of gallium arsenide is then deposited upon the superlattice "sponge." The effect of the sponge is to prevent any faults in the silicon substrate from growing into the gallium arsenide and nullifying its electronic properties. The sponge is too thin, however, to have any effect on such properties as the substrate's ability to carry away heat from a gallium arsenide integrated circuit. It also permits the deposition of a smooth, lustrous film of gallium arsenide, suitable for the lithographic processes needed to turn it into chips.

The US scientists used molecular beam expitaxy, the favoured research technique for building superlattices, to deposit their sponge and the gallium arsenide. Plessey, however, has used a technique which the team at Caswell believes is "much more suitable for mass production," says Gibbons. It is called metal-organic chemical vapour deposition (MOCVD) or more simply chemical vapour deposition.

The silicon slices used as substrates are heated in a miniature chemical reactor. Gases blown over the red-hot surfaces react to deposit atoms of the new compounds. To create a typical sponge three gases are needed — trimethyl gallium, trimethyl indium, and arsine—carried across the silicon surfaces in a stream of pure hydrogen.

The essence of chemical vapour deposition is precise computer control, exercised through a manifold which tightly regulates both the chemistry and the reaction time. Typically a sponge may consist of 100 layers, each 0.1-0.2 of a micron (millionth of a metre) thick. Finally, it will be covered with about 1,000 microns of gallium arsenide semi-conductor.

The upshot is a wafer of gallium arsenide with the physical strength of the silicon substrate, and a finish compatible with standard processing techniques.

The US scientists have made a variety of high-speed gallium arsenide devices in this way, including semiconducting lasers. Plessey has made bipolar transistors, light-emitting diodes and "laser-like structures." Performance compares favourably with bulk gallium arsenide chips, Plessey scientists claim.

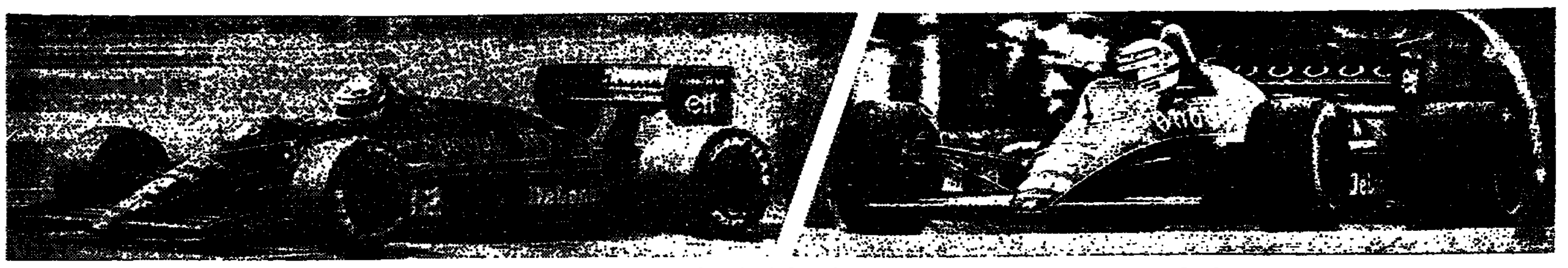
The science phase is over and the move is being made into engineering, says Professor Gosling. As he sees it, the new technology opens two important prospects for Plessey, on which the company must soon take decisions.

One is for gallium arsenide on large silicon slices, perhaps up to six inches in diameter, or double the size for gallium arsenide today because of its fragility. With a more robust and cheaper source of the semi-conductor, gallium arsenide could be more competitive with silicon. Existing boundaries drawn by Plessey for devices and sub-systems using the two materials would no longer apply.

But still more exciting — if further away—is the possibility of mixing gallium arsenide and silicon on the same wafer. Silicon, perhaps the most intensively studied of all engineering materials, could still provide the basic circuits. But "patches" of gallium arsenide could then be applied to the wafer by chemical vapour deposition, taking advantage of the lower processing temperature. These patches could provide such functions as optical transmission to replace the bulky "tramlines" needed to interconnect circuits on a wafer. Chips would then be able to talk more readily to one another. They could also communicate optically from wafer to wafer. Eventually such patches could even provide optical computing.

MANAGEMENT: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ



Now you see it, now you don't: tobacco company advertising is banned by TV during the British and West German Grand Prix

Tobacco rides a rough road

Feona McEwan explains why pressure is mounting against one of the biggest spending industries on the fast expanding sports sponsorship circuit

THIS WEEKEND in Hungary, French racing driver Alain Prost and the Brazilian Ayrton Senna continue their pursuit of Britain's Nigel Mansell up the world championship table in the Formula One Grand Prix. All eyes will be honed on the car with the red and white livery and the car decked out in black and gold, unmistakably signalling Marlboro and John Player Special, the respective sponsors.

But last time the cars were seen on television at the West German Grand Prix, the logos were scrubbed off the sides and removed from the drivers' clothing. So too at the British Grand Prix before that. The reason for the schizophrenia is that the UK and West Germany —unlike the other 14 nations that make up the Grand Prix circuit—have banned the sight of tobacco-sponsors' logos from the small screen.

The tobacco industry has learned to live with such controls, but in an increasingly hostile climate, the industry is facing its toughest competition yet from the vociferous anti-smoking lobby.

In April, the Sports Council in the UK announced its intention to phase out all sponsorship of sport by tobacco companies and to help find alternative funding. Now with the statutory "voluntary" agreement between industry and government under review, as the various parties argue their case, a major question mark hangs over the future involvement in sport of tobacco companies, which like it or not, been major backers in recent years. Tennis, motor racing, cricket, snooker and golf are the chief sports which have benefited from their financial investment.

According to a new report on sponsorship by Mintel*, the research organisation, sports sponsorship has grown rapidly in the last five years. The market has moved from £30m in 1980 to £125m in 1985, with £140m forecast this year. Leading the way has been the tobacco companies which dominate the league table of televised sponsored events.

Such activity gives them access to valuable television exposure which is denied to them under the UK's stringent tobacco advertising rules.

In the UK, the industry operates under two separate codes, agreed with the government at regular (usually three yearly) intervals. There is one code for advertising and promotion, the other for sports sponsorship.

The advertising agreement, announced in April, has brought in further restrictions: Advertising in cinemas is to cease, health warnings must have greater emphasis and be given extra space in ads, a £1m advertising campaign is stressing the penalties for selling cigarettes to under age children. Expenditure of poster advertising is frozen at 50 per cent of the 1980 values, posters are banned near schools, high tar cigarettes are banned from being advertised and ads banned from magazines with female readerships of more than 200,000 where one third of readers are aged 15 to 24.

The sponsorship agreement which the industry keenly awaits, is due in the autumn. Since 1976, the money tobacco companies can spend in the UK on sponsorship of sport has been pegged, index-linked to inflation. The current figure is put at about £8.5m a year. Richard Tracey, Britain's Minister for Sport, is known to favour an even tighter code.

The anti-smoking lobby (now "internationalised," according to one tobacco company, with voluble groups in the US and Australia), is calling for a complete ban on all tobacco sponsorship of sport.

The British Medical Association would like to see all tobacco sponsorship made illegal, as it is in Scandinavia, as would ASH, the UK anti-smoking lobby group. "One of the reasons we deplore this is the connection of sport which is regarded as healthy and good for you with a drug that kills 100,000 people a year. It is a blatant attempt by the tobacco companies to associate themselves with those activities," says BMA.

For their part, the tobacco companies are hamstrung. They are not able, on the advertising front, to associate or imply any connection between cigarettes and glamour, sex appeal, etc—hence the plethora of abstruse tobacco campaigns. The quirky Winston campaign, summed up the situation with its "We are not allowed to tell you anything about Winston cigarettes so here's an Aardvark. . . ." The ad featured a stuffed animal.

On the sponsored front, besides the government regulations, there are the broadcasters' rules to comply with. The BBC, which covers more sport than ITV on the whole, has run into some sticky problems on this issue lately. There was bother at the Embassy snooker championship when instructions were given not to linger over sponsors' signage or on competitors smoking—particularly hard when the chain-smoking Hurricane Higgins is at work.

Philip Morris was miffed in May at Hickstead when it heard its sponsored horse, legally registered as Raffles St James, simply announced as St James. Yet the Next, Sanyo and Everest horses were named in full. The move to drop tobacco sponsors' names came out of the blue, says the company, and without consultation. The BBC claimed the Raffles prefix was a "new wheeze to get round the rules." Philip Morris pointed out that the Irish company Carrolls had been sponsoring a named horse on television since 1977.

In the opposite corner, protagonists argue for individual liberty. Some fear the domino effect. 'My fear," says Peter Lawson, secretary of the Institute of Sports Sponsorship, "is that with so many do-gooders trying to tell others what to do, first it is cigarettes, then alcohol, then gambling, then oil, what next?"

Now 21 Tory MPs have criticised the Government's tough line on the tobacco companies, and have signed a declaration that "if sporting organisations want to accept sponsorship from British free enterprise tobacco companies that is a matter for them to decide and not the Government."

The Tobacco Advisory Council, representing the industry has always vigorously maintained that research shows that advertising and sponsorship of tobacco products does not inspire consumers to start smoking; rather it influences brand choice among established smokers.

Dan Oxberry, corporate affairs manager at Philip Morris, argues that if it is accepted that someone hearing the name of a show-jumper prefixed "Next" is unlikely to rush off and buy some clothes, or the mention of an Everest competition is likely to inspire one to consider double glazing, so a horse called Raffles is unlikely to inspire consumers to dash off for a pack of those cigarettes.

For companies, sponsorship has become an increasingly sophisticated exercise. "It is now a fourth medium," says Barrie Gill, chairman of CSS Promotions, which has been handling sponsorship deals for 14 years. "No longer is sponsorship the chairman's whim; it now features on many portfolios alongside advertising, sales promotion and public relations.

"I feel sorry for the tobacco companies," he says. "They were pioneers in sport there's no doubt about it. Marlboro has had an unbelievable impact on motor sport at all levels (Formula 1, rallying and motor cycle racing) over 12 years. JPS saved British cricket and Embassy created snooker — they took a gamble."

Peter Lawson bears this point out. "Cricket was in the doldrums 20 years ago, dying from lack of finance. Gates were down and there was not enough to go into coaching."

"JPS and Benson and Hedges put it back on its feet and then Cornhill and the Prudential got behind it.

Motives for sponsorship of sport vary. Media coverage and increased public awareness of a company are most common, in Gill's view, though coming a close second is that the events sponsored allow clients and potential clients to be entertained. It is a way of reaching consumers, retailers and wholesalers, as well as government, media and local action groups too.

"We don't see sponsorship as a substitute, rather as supportive to other promotions," says Peter Dyke, head of sponsored events, Imperial Tobacco. "It has the added advantage of stimulating goodwill, and can make the company well thought of:" Evaluation is hard he says.

Oxberry of Philip Morris says motor racing suits Marlboro because it is a world sporting event for a world brand. "Marlboro is one of the best known brands in the world and racing is a sport watched by millions in many countries. But it's almost coincidental it's Formula One. If there was a world international tiddly winks championship I'm sure we would consider that as much."

So, who, if anyone, would suffer if tobacco companies pulled out of sport? In many sports they would be hard to replace, in Gills view, mainly because they gave substantial commitment over many years which is good for sport—JPS, for instance, has been in motor racing for 18 years.

"British companies are very good up to £0.5m sponsorship but beyond that it's got to be the multinationals. Already a sizeable chunk of British sport belongs to overseas companies. Hitachi, Suntory, JVC and Budweiser for instance. Certain British companies are in danger of being priced out of the market.

There are those who argue that there would be plenty of replacements for tobacco sponsors. Hi-tech companies like Cellnet, the UK cellular communications company, currently Formula 3's biggest ever sponsor to the tune of about £1m, and financial companies are fast growing sponsorship sectors. And yet, the football league is currently looking for £5m. "There is no mythical queue of people waiting out there to sink millions into sport," says Gill. The British America's Cup challenge is still without a major sponsor willing to plough £1.5m into the contest. Nigel Mansell, Britain's potential world champion driver, has only one major British sponsor—ICI, with Austin Rover taking a secondary role.

Meantime, while the argument rages, tobacco companies are hoping against hope that in the new agreement the status will remain quo.

* *Sponsorship Report, from Mintel Publications, KAE House, 7 Arundel Street, London WC2, £4.50.*

Exports

Generating a world lead

BY NICK GARNETT

A LOW technology machine that does its work tirelessly and anonymously—until the lights fail—the electricity generating set is the kind of hardware few people outside engineering associate with marketing.

Figures just produced by the Association of British Generating Set Manufacturers, though, confirm the UK was for the third 12 months running the largest marketer of gensets around the world.

During a period when many sections of British engineering have witnessed a continuing slide in their relative share of world exports, UK manufacturers of diesel powered gensets have actually been gaining ground. They had 24 per cent of exports from industrialised nations in 1984, 27 per cent last year, easily topping the tree as the world's leading exporter.

World demand for gensets is stumbling. Exports from industrialised nations dropped 16 per cent last year. From the UK, however, exports slipped at half that rate and sales abroad now account for 70 per cent of UK output.

Marketing gensets — which are made up of an engine, alternator and control panel — has nothing whatever to do of course with ad budgets, ad agencies, media hype, point of sales materials or long-legged models draped over electrical circuits.

What it does have to do with is how much of what the company makes is geared to the specific requirements of the customer? How much has it learnt from the markets it has won and held? Does it have enough of the right people on the spot to do the selling? These are factors that help to generate sales of almost every piece of hardware that metal bending companies manufacture.

The association says that one of the big advantages shared by most of its 40 member companies over their foreign competitors is that they are independent genset makers. Many US and European companies are integrated manufacturers, very often a wing of a diesel engine maker.

This lack of vertical integration allows UK manufacturers to offer whatever mixed packages it or the customer believes is necessary to operate successfully. It is here that the knowledge gained by being a big and long-standing supplier becomes important.

Marketing is about asking the right questions of customers, says Iain Dale, a past chairman of the association and whose company, Dale Electric, is ranked number two among UK genset manufacturers after F. G. Wilson in Northern Ireland and above Petbow, part of the Anglo-Nordic group.

Dale says UK genset producers have become masters at offering equipment tailor-made to the climatic and operating conditions they will be required to perform in. Use of larger radiators in hot climates, "tropicalisation" of control panels by spraying them with special antifungicides, supplying preheaters for cold climate operations are all in the portfolio.

On the ground

UK genset makers have also been surprisingly good at getting salesmen out on the ground. At the end of the 1970s and early 1980s foreign distributors struggled to turn over enough cash and began dropping out. Instead of dropping out with them most genset makers filled the gap by expanding the number of "hardship posts" filled by staff salesmen in Third World countries.

Much of the UK's genset performance results from the kind of companies making these machines. They are overwhelmingly small, family-owned and entrepreneurial.

But genset sales also reinforce the adage that marketing must include some luck. The luck that UK manufacturers have enjoyed is that the Japanese have largely contained themselves to making much smaller petrol-powered gensets and the big US genset industry has enough on its hands coping with domestic demand.

THE ARTS

Whitechapel Art Gallery/Deanna Petherbridge

Bold conflict of images from two worlds

What is impressive about the exhibition *From Two Worlds*—despite its cool presentation in the Whitechapel Art Gallery, that aptly named and icy temple of the art establishment—is that this is art with a real subject matter, social relevance and a determination to communicate. The urgency, the edginess arises out of the very real difficulties which each artist has to face in a society whose notions of "Britishness" still does not incorporate those with dark skins, however many generations have lived in the country.

Very often the only certain British inheritance for these artists is a dilemma: the prescribed contradiction of the Two Worlds of the exhibition title. Such an imposed dilemma can, and does, stifle opportunity, but it can also be a creative dynamic or the subject matter of art. In the contemporary British climate of bland gallery expressionism or carefully institutionalised protest-art, this is no bad thing.

Lubaina Himid works very directly with the Two World theme in exploring her own cross-cultural roots in a series of related installations. "My grandfather never met my grandmother," proclaims the central signboard painting. Beneath it are two little boxes with shredded maps trailing respectively to a pile of sawdust and a pile of sand. Other connections are also made between grandmother who sailed from Zanzibar and grandfather the boat builder; but grandmother is more lovingly enshrined in the half-real, half-fictional *Mirror, Cloth, Bowl*.

Algerian-born Houria Niata reverses the images of cultural imperialism; taking as her starting point the reclining odalisques of Eugene Delacroix's orientalising fantasises, she brutally cancels out the heads of the female figures in a huge five-panel painting, leaving the women depersonalised, bound and struggling. In Gavin Jantjes' powerful untitled oil painting, a pyramid and a classical column float in an infinite space/time continuum, as if awaiting the appearance of a newly born symbol of a tertiary culture. In his gouache from *The Korabra Series* the symbols are unequivocal; a cross burns whitely on the horizon outside an arc of flaming earth.

"We were looking for artists whose work synthesised their non-Western cultural roots with those of Europe and Britain," write Nicholas Serota and Gavin Jantjes in the introduction to the catalogue. However, the fact that practically all the 16 artists in the exhibition have gone through the British art school system, has conditioned their art practice in a far more radical way than the roots, the dreams, the memories of other cultures which have fed their imaginations.

Denzil Forrester's large canvases are crowded with dance movement and alive with jazz rhythms; he has spent many hours sketching in blues clubs. Carnival is present, but it is the carnival of Notting Hill Gate, not Grenada, which Forrester left as a child. A year's scholarship to the British Academy in Rome has lightened his palette to Mediterranean transparency and the drummers in his *Blue Tent* inhabit a slightly romantic fiction of the Caribbean, more reminiscent of artist Phillip Sutton's '50s flirtation with hot climates than the real Grenada.

This is in no way to diminish the quality of Forrester's vision, but to endorse the fact that he has lived and trained and been conditioned by Europe. He might aspire to be of two worlds, but he is firmly rooted in one of them.

Sokari Douglas Camp appears to have the closest contact with her native country, Nigeria, of all the artists, but her huge kinetic ritual boat has something theatrical about it, in spite of the tin, chicken wire and junk technological material of its construction. She has not tamed the work for our consumption: it is a cultural relic, as alien and undigested as the grand Sepic River boats stranded under spotlights in the Dahein Lithographic museum in Berlin.

Cultural synthesis, the aim of this exhibition, is a very complex matter, embodying racial, ideological and imperialist stereotypes, notions of "the other." It is perhaps no easier for an artists with a toehold in two worlds to whip up a cross-cultural soufflé than for a sedentary chauvinist to create a convincing *macedoine*. Shaffique Uddin, however, does appear to have drawn deeply Bangladeshi immigrant community and yet transformed them into a convincing and poetic personal language. His crowded gouaches, vibrant with dashes and strokes of paint, clearly evoke the complex stitching and stylised imagery of Bengali stitched kanthas. Just as in these traditional embroidered bed coverings, red and black running-stitch forms a delicate linear tracery on predominantly white grounds, so his palettes are subdued and his rhythms complex and unexpected.

Rashid Araeen has written movingly about the difficulties of being an outsider in his autobiography *Making Myself Visible*. He is the oldest artist in the exhibition and his photo-based works are the most overtly political. In *Green Painting* there are no painted images, only glaring photographs of blood and slaughter. The photographic images relate to the slaughter of goats for the Moslem festival of Id, but the green flags smothered in gore evoke implications of the slaughter of the innocents and issues of Moslem fundamentalism outside of Araeen's native Pakistan. In *Look Mamma . . . Macho*, a horny goat inspecting its own erection straddles the "castrated" image of the artist in the middle and is a very plausible symbol of male sexual stereotypes!

Zarina Bhimji has also chosen to work within the conventions on the cultural models of the of photo-text practice. Zarina's family fled Idi Amin's dictatorship in Uganda when she was 11, and her personal experiences are incorporated within the work following the conventions of feminist practice where personal and political are opposed as a dialectic. Although her red photographic images of clothes—embroidered skull-caps and abandoned saris—are poignant and sad, yet the rigid alienation techniques of this very specific form of art-practice are shown up as being inadequate for her needs.

In exhibitions of black or non-European artists working in Britain, criticisms have been made of inadequate use of cultural models: what is not observed is that perhaps the standard and restricted models of mainstream Western art are not adequate for the passion, the newness, or the discord of the message.

There is rather a dearth of fun in this exhibition, apart from the sheer enjoyment of material in Franklyn Beckford's bristling sculptures, or Veronica Ryan's compartmentalised earth pods. Perhaps these are committed artists who shun the facile punning of much contemporary gallery art, although Tam Joseph uses humour in his deliberately crude exploration of racial stereotypes in *Mokey dey chop, Baboon dey cry*, and there is rather jolly counter-stereotyping in Sonia Boyce's *Some English Rose!* (There is something much more disturbing and challenging in her curious drawing *Talking in Tongues*).

But suave humour comes into play in the works of Zadok Ben-David, with an emu trembling on the curve of a terracotta cosmic egg and a fluorescent cat shining wickedly behind a nimbus of battling cats whirling around in a chain of destruction. In *The amazing dream of the fish who couldn't care less* a very earthbound fish gives rise to an evolutionary chain of jointed monkeys. Ben-David might be from Two Worlds, but at least he's finding the experience exhilarating.

From Two Worlds is at the Whitechapel Art Gallery until September 7. Artists in the exhibition will be talking to the public on Wednesdays at 1 pm and Sundays at 3 pm.

Untitled emulsion on hanging canvas by Keith Piper at Whitechapel

25th Karlovy Vary Film Festival

Ronald Holloway

The story goes that Karlovy Vary deserves a footnote in film festival history as the second oldest after Venice. Established in this idyllic western corner of Czechoslovakia a few weeks before Cannes was officially launched it would have celebrated its silver jubilee long before now had it not been for the dubious honour forced upon it in 1953 to share the "A" status for an East European Film Festival with Moscow.

Then, too, the festival was not always held in Karlsbad (its German nomenclature from the heyday of the Austrian-Hungarian Empire): for, from 1946 to 1949, international guests gathered instead in the Casino at nearby Marianske Lazne (Marienbad) for the screenings, while receptions were held in the still luxuriously imposing Esplanade Hotel. With gambling out, spa guests had to while away time somehow.

To be more accurate, Karlovy Vary's distinguished history as an international film festival began in 1950, when the decision was made to transfer the festivities from the atmospheric but limited casino at Marianske Lazne to the more suitable ballroom in the Grand Hotel Pupp (renamed Grand Hotel Moskva after the war) in Karlovy Vary.

With the renovations of the "Pupp" in 1965 and the additional hotel space provided by the neighbouring Park Hotel, the Karlovy Vary festival was also hosting world celebrities and receiving deserved acclaim for a vibrant national cinematography that could be justly proud of Academy Award winners *The Shop on Main Street* (1965) and *Closely Watched Trains* (1966).

Today, the festival's official headquarters have moved further down the valley to the new Thermal Hotel, built at the beginning of this decade to accommodate both patients for the mineral baths and inveterate addicts of the seventh art. The ballroom at the Grand Hotel Moskva has been outfitted with booths for trade screenings in a makeshift film-and-video market. To be sure, the market got the better part of the deal, even though competing entries at the Thermal can now be viewed in a properly outfitted movie *salle*.

Should the visitor become bored with the competition, he can walk to the film market along a route soaked in nostalgic spa history—for Goethe and Chopin, Napoleon and Franz Joseph, Wagner and Strauss, all came to partake of the waters.

Bill Bennett's *A Street to Die* (Australia), a low-budget feature on ex-Vietnam veterans dying young from the deadly effects of chemical warfare employed in the jungles, appeared on the programme early in this year's festival, but then held onto its frontrunning position until the finishing line like a favoured racing thoroughbred.

Over in the film market, almost daily, Jiri Menzel's new comedy on provincial village life, appropriately titled *My Sweet Little Village*, attracted enough attention to be crowned the unofficial winner. It is to be the competing Czechoslovak entry at the forthcoming Montreal festival, and will be seen at the London Film Festival in November.

'Rookery Nook' revival

The Theatre of Comedy is to celebrate Ben Travers' centenary year with a revival of his *Rookery Nook*, starring Tom Courtenay, Ian Ogilvy, Peggy Mount and Lionel Jeffries.

Directed by Mark Kingston and designed by Alan Pickford, it will open at the Shaftesbury Theatre on September 2.

Arms and the Man at Regent's Park

B. A. Young

"Life's a farce!" moans the despairing Sergius, sinking into a chair through whose seat he has just put his foot. *Arms and the Man*, however, is not, and David Conville, directing his own open-air production, should not have encouraged Philip Bowen to play as if it were.

He allows no one else to follow the same path. As Shaw must have intended, the play is presented as nearly as possible as if it were a straightforward romance, so tinged throughout with parody of the current style. The play dates from 1894. And a romance it is. Raina switches her affection from one man to another; Sergius his from one girl to another. As Shaw found to his distress, it converts easily into musical comedy. It is the reasons for the switches that make the play so delightfully Shavian.

In Regent's Park, soldiers with real guns fire blanks in the green sward around the theatre, for which Simon Higlett has designed a realistic bedroom for Raina, with a practical balcony (but not a drain pipe), and a spacious stableyard - annexe to the garden. Why Mr Conville should have chosen a play that begins at dead of night, when in practice it is bound to begin in broad daylight, is his concern; but one only takes a minute to adjust to it.

Brian Deacon has got Bluntschli right. In a play full of mockery, he plays absolutely straight, allowing the lines to bring the laughs with no outside aid. He is as credible a soldier as he is a Swiss hotelier, down to earth, unromantic. Mr Bowen's Sergius, with his operatic attitudes, comes from another sphere, and is not at all the person Shaw describes in his long stage directions. This character is not from *Arms and the Man* but from *The Chocolate Soldier*.

Bluntschli is well matched by Sarah Woodward's Raina. Many of her lines may be ironic quasi-romance, but she never speaks them as if she did not mean them seriously. Diane Fletcher's Catherine Petkoff demonstrates how her daughter learnt the trick. Sue Hodge's diminutive Louka, her peasant dignity scornful alike of Nicola's attempt to make her proud of being a servant and of Sergius's assumption that she is available as a toy, is also cleanly drawn. Nicola (Nicholas Wolff) is a less convincing character. Truly deferential to his employers, he hardly shows "the soul of a servant" when alone with Louka. Bluntschli has it right; he has the soul of a hotel manager.

Bernard Bresslaw is unexpected casting for Petkoff, but it works. "Unpolished," Shaw calls him. I think Mr Bresslaw might polish him a little, to go with his library, even more to go with his wife, but he has to be a little boorish to remind English audiences that, though he may be a major, he is only a Bulgarian major.

We do not see his library, incidentally. Acts 2, 3 and 4 are all played in the garden. And it would be a step in the direction of Balkan understanding if all the family could pronounce Sergius's surname the same way.

Alastair Muir

Shaw in the open air: Philip Bowen and Sarah Woodward

Handel's Solomon/Albert Hall

David Murray

It was a thoroughly civilised *Solomon* that we had at Tuesday's Prom. In the old days the Albert Hall echoed often enough to the work (probably for several minutes after it had ended), but in dubious versions; Trevor Pinnock this time conducted the Choir and Orchestra of the English Concert in faithfully Baroque musical dress, and very satisfactory it sounded. Though the double choir numbered only three dozen, they were clear and strong, and—at least once the drums and brass had arrived for Act 2—the bright little orchestra could have disappointed nobody but diehard Beechamites.

In short, the score rang out with happy confidence, and also with a striking variety of instrumental colour. The quartet of period oboes were toothsome in the "Arrival of the Queen of Sheba," the flutes very pretty in pastoral passages; one of the latter and two of the former made a haunting unison winding through the Queen of Sheba's last aria. Furthermore, the tidy size of the chorus allowed the solo principals to carry more dramatic weight, even in this essentially undramatic oratorio (Act 1: Solomon dedicates the Temple and is married; Act 2: he does his Judgment; Act 3: he throws a musical party for the Queen of Sheba), than massive choirs could ever let them do.

Felicity Palmer always carries full dramatic weight: even in the Albert Hall an all-out operatic rage from her would be formidably daunting. But the role of Solomon—it would seem wrong to call it either a breeches part or a *travesti*, but it *is* composed for a mezzo—is all graciousness and serene authority: Miss Palmer managed that splendidly, and with an easy fluency in the recitatives that lent further warmth to the performance. The male soloists, the priest Zadok and a Levite, do nothing but sing Solomon's praises, again and again. Ian Caley (replacing the ailing Anthony Rolfe Johnson) and Stephen Roberts did that with style and conviction.

At Handel's first performance a single soprano sang Solomon's own Queen, the first Harlot and the Queen of Sheba, since each appears only in one act, but the BBC added to the generally opulent effect by casting them separately and from strength. Marie McLaughlin was true and fresh as the first Queen, Arleen Auger gentle and eloquent as the Queen of Sheba (her soft American accent added a suitably exotic touch). Jennifer Smith's First Harlot was heartfelt, a little fey and frail, against Della Jones's fierce Second Harlot. The whole performance left a warm glow behind it, living up to the programme - description, "Handel's greatest vision of a Golden Age."

Maureen Brathwaite/Purcell Room

Richard Fairman

From the choice of composers alone—Ives to Montsalvatge, Milhaud to Irving Berlin — it would be difficult to guess what theme this recital explored. No one style of composition predominated. No obvious national tradition or musical boundary was laid down. Yet a theme, wholly open and unambiguous, there was: an exploration in song to chart the progress of racial attitudes in the 20th century, part of the South Bank's "Summerscope" celebration of our times.

Any expectation that the evening would be filled out with Negro spirituals was soon set aside. This was a subject that has aroused feelings among composers of all nationalities and styles, the names noted above being just a selection. For the young soprano Maureen Brathwaite the programme held many opportunities. Just as the music kept crossing frontiers, so she too seemed to move quite happily among a variety of musical forms, from Milhaud's *mélodies* to the raunchy ragtime of Berlin.

As a recitalist, she already has the gift of making the audience feel at ease. Her platform manner is relaxed and unhurried, the voice equally free from unwanted tension. There are moments when the tone loses its focus, but otherwise this is a beautifully natural instrument, warm and radiant in sound, able to ring out for the climax of Ives' "In the Mornin'" or reduce to a sultry *piano* for the famous lullaby of Montsalvatge.

Although her enunciation of French and German has its doubtful moments, she knows what she wants the languages to mean. Of the French pieces, the *Chansons de negresse* by the widely-travelled Milhaud, made a lively choice. His "Mon histoire" tells the story of a black child slave with fiery indignation and rhythms that hint at authenticity—though the waltz of the second song disconcertingly puts us straight back in the cafés of Montmartre.

Four black composers were included. Works by Charles Lloyd Jr and Charles Brown represented the younger generation, but the most strongly characterised music came in the African songs of the much earlier Samuel Coleridge-Taylor. To his "Song of the Nubian girl" Maureen Brathwaite brought many finely-judged, exotic shades of colour. No need for the extra gaudy lighting effects with singing like this. Graham Johnson was her supportive accompanist.

New galleries at V & A

Two new permanent galleries will be opening in the Victoria and Albert Museum in November and December.

The redisplayed Medieval Treasury opens on November 13, housing masterpieces from throughout the Middle Ages, and is sponsored by Trusthouse Forte.

The Toshiba Gallery of Japanese Art and Design, sponsored by the Toshiba Corporation, opens on December 18 with the colections housed in a restored Victorian court.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

August 1-7

Exhibitions

PARIS

Picasso Museum. The 17th century Hotel Salé, sumptuously restored, provides a fitting home for the world's largest collection of Picasso's work. It comprises 203 paintings, 158 sculptures and more than 3,000 drawings and engravings, 16 collages and 88 pieces of ceramics. It is completed by Picasso's collection of paintings by his friends such as Braque and Matisse, or by artists he admired, Renoir, Cézanne and Douanier Rousseau. Musée Picasso, Hotel Salé, 5 Rue Thorigny, Paris 3 (42712421). Closed on Tuesdays.

Rodin's Riches. A delightful 18th century Townhouse – Hôtel Biron – contains the life work of Auguste Rodin, whose genius opened the way for modern sculpture. In the gardens his Thinker broods, the Burghers of Calais trudge to their tragic destiny and Balzac, draped in his cloak, defies time. Musée Rodin, 77, Rue de Varenne (Métro Varenne) (47050134). Closed Tuesdays.

LONDON

Hayward Gallery: Dreams of a Summer Night – an exhibition of painting at the turn of the century in the five Nordic countries, organised by the Arts Council and the Nordic Council of Ministers. It proves to be an important and intriguing exercise in critical reassessment, for though many of the painters enjoyed a certain contemporary fame abroad, they were with one great exception all but forgotten in the years after the first world war. Munch was that exception, and the chief value of this exhibition, which throws a fresh light on his work, is the demonstration that he was no arbitrary phenomenon but the notable product of a distinctive national and regional character. Ends Oct 5, then Düsseldorf and Paris.

The Tate Gallery: Oskar Kokoschka – a major exhibition to mark the centenary of the Austrian survivor of the great age of expressionism before World War I, who died only in 1980 at the age of 94. He continued to work long into old age, by which time the sometime radical, ex-cavalryman in the Austrian Emperor's army had been long confirmed in the Establishment, a Swiss resident for nearly 30 years and British citizen for nearer 40. This full retrospective confirms that the young painter, fresh from his studies in Vienna in the mid-1900s, was an artist of vision and true genius. Ends Aug 10.

WEST GERMANY

Düsseldorf, Kunstmuseum, Ehrenhof 5: Otto Pankok (1893-1966). The Passion; 60 huge charcoal drawings by the German expressionist covering 1933-34. Ends Oct.

Essen: Villa Hügel: The chairman of Krupp, Dr Berthold Beitz, who is also head of the private Ruhr cultural institute, was the moving force behind this exhibition, helped by Mr Erich Honecker, the East German leader. The Villa Hügel, 114 years old, has been redecorated for the exhibition. This is the first show organised by the institute, founded three years ago on the initiative of the Krupp Foundation. The treasures from the period 1694-1733 of great Electors are on loan from Dresden's state cultural collections. The eight royal collections are presented separately with characteristic master works. There is also one of the oldest and most complete coin collections in the world and a huge collection of arms and copper engravings by Boucher, Chardin, Piranesti and Tiepolo. The picture gallery includes works by Titian, Poussin, Velasquez, Rubens, Rembrandt and Cranach. Ends Nov 2.

BRUSSELS

Ghent: Chambres d'Amis, 51 international artists showing in 51 private houses. Tickets, map etc from Modern Art Museum, Ghent (091/211703). Ends Sept 21.

NETHERLANDS

Utrecht, Catharijneconvent. The legends and facts surrounding the life and voyages of St Brendan, the 6th-century 'Irish Odysseus', are examined with the aid of fancifully illuminated manuscripts and early printed books. Ends August 10.

Amsterdam, Rijksmuseum: Impressionists and their contemporaries in an exhibition of 140 French prints spanning the period 1860–1900, including foreign artists who made Paris their spiritual home. Ends Sept 7.

Amsterdam, Royal Palace: This year's summer exhibition is devoted to the work of Jacob de Wit, an 18th-century Dutch artist likened in his day to Titian, specifically to his vast painting of Moses selecting the Seventy Elders – which lines one wall of the Council Chamber – study drawings of which are now on display below the canvas. De Wit excelled in his *trompe l'œil grisailles* imitating stucco and sculpture, to be seen in this Chamber and the adjoining gallery. Ends Aug 31.

ITALY

Rome: Palazzo Braschi: Rome 1934: an unusual collection of paintings (including some well-known names such as De Chirico and Giacomo Balla) showing the curious artistic climate prevailing under Mussolini. Ends Aug 24.

The Venice Biennale: The pavilions of the Giardini at the farthest end of Venice, the magnificient Corderie of the Arsenale and the Palasport nearby are now full of art. Arte e Scienza is the theme in the Central Pavilion of the Giardini, embracing the metaphysical and surrealist strain in modern art; an investigation of the tricks and devices of perspective; and a collection of oddities and marvels from all periods.

The national pavilions in the Giardini disregard theme but are highly conscious of the jury. The Spanish pavilion is outstanding, but the French pavilion gets the prize. The Golden Lion is shared by Sigmar Polke of West Germany and Frank Auerbach of Britain.

SPAIN

Madrid, "Monsters, Dwarfs and Buffoons in the Court of the Austrias. Superb collection of painting by Ribera, Velazquez, Carreno, Verones, Mazo, Antonio Moro, Sanchez Coello, Sanchez Cotan. Grouped together to show the splendid donation by the Fundacion Bertran to the Fundacion Friends of the Prado Museum: Juan van der Hamen's "Portrait of a Dwarf", XVII century. Prado Museum, Edificio Villanueva, Paseo de Prado. Ends Aug 30.

Santander. Four exhibitions sponsored by Fundacion Santillana: Goya's and Picasso's bullfighting (a splendid contrast of engravings painted by two top Spanish painters in different centuries of popular bullfighting scenes); Ceramics – A Form of Plastic Expression gathers a rich and ample panorama of Spanish ceramics by young artists; Interior Voices: 12 Spanish Realism Painters; and Design and Colours of Guatemala's Textiles. Fundacion Santillana, Santillana del Mar. Ends Aug 30.

NEW YORK

Whitney Museum: The largest exhibit ever mounted of Shaker design shows off the strong, simple lines in the furniture, tools, textiles and graphic design of one of the great American Puritan cultures that remained separatist and intact for more than a century. Ends August 31.

Museum of Modern Art: Vienna 1900, including 700 paintings, designs and objects, covers silverware, jewellery, furniture and ceramics, with the Successionists like Klimt and his Golden Style, as well as Kokoschka and Schiele in a comprehensive exhibit that illuminates the birth of modernism. Ends Oct 21.

WASHINGTON

National Museum of American Art: 68 Pueblo Indian watercolours from between the world wars recreate the ritual animal dances among other disappearing tribal customs. Ends August 17.

National Gallery: The first major retrospective of the works of 19th-century American landscapist George Inness traces the artist from the early influence of French Barbizon landscapes through the development of his own soft naturalism with dramatic skies dominating rolling terrains. Ends Sept 7.

CHICAGO

Art Institute: Treasures of Japanese Buddhist Art, the only showing in the Western world of works from the great Todaiji Temple in Nara, Japan, includes 151 statues, handscrolls and intricately designed lacquered objects from the largest wooden temple in the world. Ends Sept 7.

TOKYO

Okura Shukokan Museum: Sculpture and paintings from China and South-East Asia from the museum collection. Okura Hotel. Ends Aug 24.

Seiki Kuroda: 100 paintings and drawings (mainly Western style) by one of Japan's most important artists, who studied in Paris at the end of the 19th century. Despite some Impressionist influences and skill in portraiture, Kuroda seems most at home with Japanese subjects and tones. Tokyo Metropolitan Teien Art Museum, Meguro (Art Deco style former home of member of the Imperial Family set in attractive gardens). Ends Aug 10.

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Thursday August 7 1986

Moscow talks to Israel

THE DECISION by Israel and the Soviet Union to meet for talks on consular matters later this month is another of those signs of diplomatic movement which challenge the otherwise bleak prospects for any progress towards Middle East peace.

It is far too early to assess the extent to which the Soviet willingness to participate in such talks represents another building block in Mr Mikhail Gorbachev's reconstruction of foreign policy and his desire to improve relations with the US. But coming soon after the expressed Soviet willingness to withdraw some of its troops from Afghanistan, it does suggest that Moscow is seeking to ease tensions with Islamic countries while possibly giving itself greater room for manoeuvre over the Palestinian issue.

Mr Gorbachev certainly cannot have been happy with his Middle East inheritance. South Yemen, the only avowedly Marxist Arab state, vies for bottom place in the region's economic development league table and was earlier this year rent by civil war. Libya, a major purchaser of Soviet weaponry, is under Colonel Gadaffi's leadership the least predictable and comfortable of allies. Syria, the alleged jewel in the Soviet crown, has the capacity to draw the Soviet Union into regional conflicts without any guarantee that Moscow can actually exercise close control over local events.

Arab indignation

There is also little comfort to be drawn from the relationship with Mr Yassir Arafat's Palestine Liberation Organisation. Although the Soviet Union continues to receive Mr Arafat, his split with Syria makes it doubly difficult to construct a coherent Middle East policy. Meanwhile in the Gulf, the Soviet Union retains its treaty with Iraq and continues to be its main arms supplier, but there is little doubt that, as for the US, a deeply suspicious Iran will remain the principal prize.

There is thus a great deal for the Soviet Union to play for, especially if it can be seen as taking a rather more effective role in the Arab-Israeli conflict. Since its co-chairmanship of the Geneva conference which followed the 1973 Arab-Israeli war, Moscow's diplomatic role has declined as first Dr Henry Kissinger and then President Anwar Sadat developed an approach to the region's problems that was highly individualistic and eliminated the requirement for large set-piece conferences at which both super powers could expect a seat.

The US has been, and continues to be, the dominant regional power leaving the Soviet Union, at best, a capacity to frustrate the more clumsy American policies and to harvest the fruits of Arab indignation at the closeness of Washington's relations with Israel.

Mr Shimon Peres, Israel's Prime Minister until October, is now dangling the carrot of Soviet participation in whatever peace negotiations eventually emerge but at the price of the resumption of full diplomatic relations and far greater flexibility towards Jews wishing to leave the Soviet Union. It is not an offer which Mr Gorbachev will hurry to accept but with Morocco having recently become the second Arab country to welcome an Israeli premier, he may sense that some of the old rigidities are beginning ot break down.

Strategic consensus

Mr Gorbachev is also handing Mr Peres another achievement to place before the Israeli electorate should he decide in the months ahead to bring down the coalition Government in protest at the actions of his replacement Prime Minister, Mr Yitzhak Shamir.

If this presages greater Soviet sophistication in the Middle East and a better appreciation of the ever-present dangers of conflict with the US it is a welcome development.

The US bombing raid on Libya should also not be allowed to disguise the extent to which President Reagan has, at least publicly, modified his view of the Middle East as primarily a place to confront perceived Soviet expansionism. Little is heard today of Mr Reagan's early scheme for an Arab strategic consensus to oppose Moscow's plans, not least because it was so deeply resented among the would-be participants.

Should this mean that in both the US and the Soviet Union there is a greater willingness to ease the Middle East out of the front line of ideological confrontation, it can only encourage those in the region still actively working for negotiated solutions.

Mergers and competitiveness

THE Monopolies and Mergers Commission's report on GEC's proposed merger with Plessey is a model of its kind. In ruling that GEC's bid should not be allowed to proceed—a decision rapidly endorsed by Mr Paul Channon, Trade and Industry Secretary — the commission reached the right conclusion for the right reasons. The report concentrates almost exclusively on the competition issues raised by the proposed merger and pays little attention to more nebulous "public interest" criteria, such as the consequences for employment. It even goes so far as to state explicity that the relative abilities of the companies' management do not raise public interest issues in this case.

Quite apart from the economic arguments, the report draws attention to the widespread opposition to the planned merger. It is little exaggeration to say that GEC's arguments were supported by officials from sponsoring divisions at the DTI and by very few others. The companies' suppliers and competitors, naturally enough, were strongly opposed to the merger and their sentiments were shared by customers, unions, local authorities and MPs. But the most eloquent and decisive critic of the union was the Ministry of Defence—GEC's most important customer.

Export markets

Two main arguments have been put forward in favour of the merger. The first is that there is an urgent need for rationalisation in the domestic manufacture of public switches (digital telephone exchanges). There is general agreement that it is uneconomic for both Plessey and GEC to continue to supply British Telecom with the System X switch and to attempt to break into export markets. But, in principle at least, a full-scale merger between the two companies is not necessary to deal with this problem. As Plessey points out, System X sales account for less than 5 per cent of the companies' aggregate turnover. Rationalisation can be achieved either by one company selling its switch interests to the other or by the creation of a jointly-owned enterprise.

The second argument for a merger, put strongly by GEC and supported by senior DTI officials, is the need to create a world class electronics company, capable of holding its own in international markets. The commission was not persuaded by GEC's views about the need for a larger and more broadly-based group. Plessey was big enough on its own to maintain adequate research and development programmes; there was no clear link between size and competitive performance in the electronics sector. L. M. Ericsson, the Swedish group, for example, is only half the size of GEC yet few argue it is too small to succeed. Other successful companies are smaller than Plessey.

Doubts raised

The arguments against a merger, however, were bound to sway the commission. Competition in defence electronics and equipment would have been reduced in many sectors, from radar and airborne communications to cryptography. Equally important, the potential for competition would have been impaired: Plessey does not supply torpedoes but it has the potential to re-enter this market. The MoD argued that its new policy of promoting competition in defence procurement would have been undermined by the merger of companies which together receive 73 per cent of total MoD payments to electronics companies. It has to be said, however, that if the MoD were more willing to buy foreign defence products it would be less vulnerable to changes in the structure of the domestic defence industry.

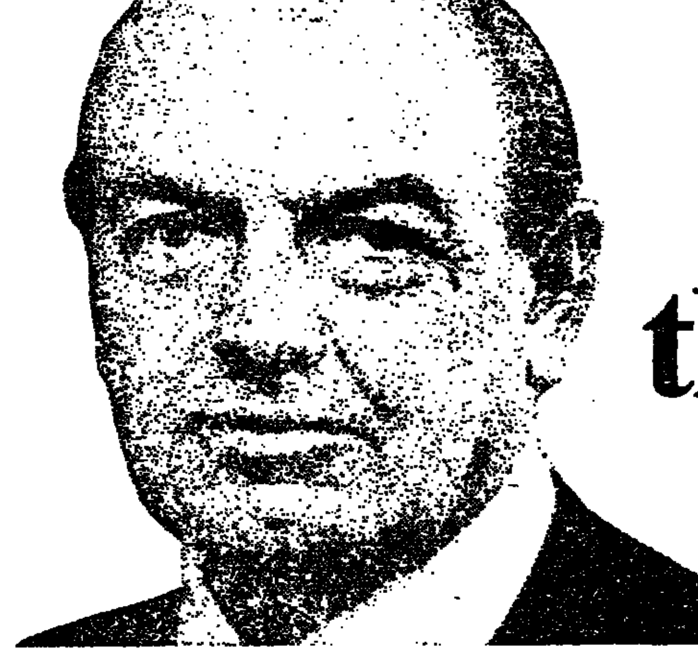
The commission's report should be regarded as more than an assessment of the merits of this particular merger proposal. It raises doubts about the importance of size as a determinent of corporate performance which other companies contemplating acquisitions would do well to ponder.

It is certainly true that some mergers can cut out duplication and achieve economies of scale. But those economies need to be identified with some precision *before* the merger goes ahead. Too many of the failed mergers of the past have been based on vague assumptions about synergy which have proved unrealistic in practice.

THE GEC BID FOR PLESSEY

The vital questions that remain

By Geoffrey Owen



SIR JOHN CLARK

LORD WEINSTOCK

THE BID by General Electric Company (GEC) for Plessey, which has been ruled against the public interest by the Monopolies Commission, was an important event in the British electronics industry for several reasons.

First, it came at a time when the structure of the industry was looking more than usually fragile. Quite apart from the defensive moves which a GEC/Plessey merger might have provoked in the rest of the sector, there was uncertainty over the future of several major companies—including STC, which despite its acquisition of ICL in 1984 was still groping for a clear strategy, and Thorn-EMI, where some ill-judged acquisitions, particularly that of Inmos, the semi-conductor business, has led to the departure of the chief executive.

Second, realignments were taking place outside the UK and these have continued on a bigger scale while the Monopolies Commission has been at work. The most dramatic is the decision by ITT to pool its European telecommunications equipment interests in a joint company controlled by CGE of France. While some sceptics believe that the French company will have great difficulty in making a success of the ITT merger, the deal is bound to stimulate other European manufacturers of switching equipment to look for partners, whether in Europe, the US or Japan.

Third, GEC, which had been much criticised—in its view, quite unfairly—for its over-cautious attitude to expansion in general, and to acquisitions in particular, seemed to see the bid for Plessey as a decisive answer to its critics. GEC was on the move, its leaders argued, and the company would do for electronics what it had done so successfully for the electrical engineering industry in the late 1960s.

GEC had taken over several companies in the preceding decade, including A. B. Dick, an office machinery company in the US, and Picker, an American leader in diagnostic imaging equipment; in the UK, it had bought Averys, the weighing machine business, and more recently acquired Yarrow Shipbuilders as a means of strengthening its position in the defence market. But the really big fish which might have made a substantial difference to the size and shape of GEC always seemed to elude it; it had some discussions with AEG in Germany a few years ago and it made an approach to British Aerospace in the UK, but nothing came of either of them.

Yet the circumstances surrounding the Plessey bid were very different from those which prevailed at the time of the great electrical mergers of the late 1960s. For one thing, Mr Arnold Weinstock (as he then was) and his team at GEC had the wholehearted support of the Government. The Industrial Reorganisation Corporation, the agency set up by the Labour Government to promote restructuring in industry, backed GEC in its bids for both Associated Electrical Industries and English Electric, neither proposal was referred to the Monopolies Commission even though the impact on competition was greater than in the Plessey/GEC case. This time by contrast, the Government was divided. The sponsoring division for electronics in the Department of Trade and Industry was in favour of the GEC/Plessey merger, the the Ministry of Defence was strongly opposed.

Lord Weinstock, GEC's managing director, though widely respected in Whitehall, does not have quite the glittering management reputation that he had, say, ten years ago. It would certainly have been difficult to argue that Plessey "needed" GEC in a managerial sense; the Monopolies Commission was impressed by both teams and did not consider "that the relative abilities of the companies' management raise any public interest issue in this merger."

More important, the nature of the job to be done with Plessey was different from the challenge posed by AEI and English Electric. In the earlier case the main problem was widespread duplication and excess capacity; there were enormous opportunities for rationalisation and cost reduction which GEC exploited brilliantly. In the Plessey case there was and is a need for rationalisation in one key part of the two companies' businesses — the manufacture of public switching systems (System X).

But in the larger area of defence electronics GEC, in its evidence to the Commission, put more weight on the bringing together of complementary activities than on cutting out duplication. "The minimal degree of overlap which GEC told us existed," the Commission states, "meant that little or no rationalisation would be required or indeed possible between the present manufacturing activities."

These arguments are now, in any case, academic. The Monopolies Commission has given its verdict and Mr Paul Channon, Secretary of State for Trade and Industry, has accepted it — much to the annoyance of GEC, which points to the contrary judgment of his DTI officials.

The implication is that GEC will find it difficult to make large-scale UK acquisitions in industries in which it is an actual or potential competitor. (Its smaller bid for Averys was referred to the Commission and cleared). But the end of the inquiry leaves two important questions to be answered — first, how to sort out the duplication which exists in the manufacture of System X, and, second, what sort of strategy, what combination of acquisitions and organic growth, is most likely to achieve for GEC, Plessey and the other British electronics companies the international competitiveness which they are all seeking.

All interested parties seem to agree (and have done for several years) that bringing together the Plessey/GEC System X businesses (with or without their interests in private branch exchanges and other telecommunications equipment) would make for lower costs and greater efficiency. It would be a first step towards reversing the long decline in the UK's share of world exports of telecommunications equipment, which has gone from 25 per cent to less than 5 per cent over the last 20 years. British Telecom wants such a merger, the Office of Telecommunications is in favour of it and so, in principle, are the two companies.

Up to now neither company has been willing to sell out to the other and it is still possible that arguments over ownership and management control will not be resolved — unless, perhaps, British Telecom uses its muscle as dominant customer to force a deal through.

Yet it would only be the first step. The manufacture of public switching equipment is a field in which economies of scale in development, manufacture and marketing are important; the UK on its own does not offer an adequate base from which to mount a credible international challenge. This was why Plessey bought Stromberg Carlson in the US in 1982 and why last year it concluded a research agreement with three European manufacturers, CGE-Alcatel of France, Italtel of Italy and Siemens of West Germany.

Both GEC and Plessey have had numerous discussions with their continental counterparts over the past two years and these will presumably be revived now that the Commission report is out of the way. But, given their understandable reluctance to take a minority position in the CGE/ITT grouping, it is not obvious what European partnership will be available.

Do the same arguments about economies of scale apply in the rest of the electronics industry? The answer depends on which sector is being considered. At one level there are successful specialists like Oxford Instruments which has a very large share of the world market in its chosen field—magnetic resonance imaging and other high-technology equipment for the medical market. Although a tiny company to GEC or Plessey, it is large enough to maintain and extend its technological lead and would not obviously benefit from being part of a much larger, multi-product group.

At another level there have always been questions about whether ICL is large enough to compete successfully in the world computer industry. It is doing well as present, partly because it has chosen its markets carefully and is not seeking to match IBM across the board. But just as Burroughs and Sperry in the US have joined forces to compete more effectively against IBM, so ICL's periodic financial crises suggest that in the longer term it may need a stronger parent, or at least partner, than its present owner, STC; perhaps its existing links with Fujitsu of Japan will be strengthened to provide the additional resources that are needed—full-scale mergers are not the only way of securing economies of scale.

What does seem to be unproven—the Monopolies Commission was certainly not convinced—is GEC's argument that a broad product range, supporting a broadly-based programme of research and development, is a necessary condition for international competitiveness and that a company like Plessey, with a relatively narrow spread of interests compared to the likes of General Electric in the US, Siemens or Philips, will in the long run find it impossible to finance research, particularly in the so-called enabling technologies, on the scale which will be needed.

Despite GEC's pleadings—and the warnings of Mr C. C. Baillieu, the dissenting Commissioner, about perpetuating the "balkanisation" of an important sector of British industry—the Commission did not consider that it was possible in the field of electronics to establish a direct link between company size and competitive performance.

If consolidation into larger groups is not the answer to the competitive problems of the British electronics industry, what is? The objective of public policy must be to create an environment in which more British companies can lift themselves into the ranks of the world leaders. The Commission argues that a high degree of competition within the UK should be part of that environment. "GEC and Plessey are more likely to be successful in exporting if they remain subject to the mutual competitive stimulus which the merger would remove."

The fact remains that for large parts of the electronics industry the UK market is too small. Companies can offset that disadvantage if they are aggressive enough in attacking world markets from the start, as Racal was with its military radio communications equipment. But the Government also has a responsibility, both in negotiating away EEC internal trade barriers, and in ensuring that its agents, especially the Ministry of Defence, use their purchasing power in a way which helps to strengthen their suppliers' position in world markets.

MAJOR COMPANIES IN THE DEFENCE ELECTRONICS, TELECOMMUNICATIONS AND ELECTRONIC SYSTEMS MARKETS*

Rank	Company	Group Sales in 1984/85 (£bn)	Rank	Company	Group Sales in 1984/85 (£bn)
1	IBM (US)	38.70	12	CGE (Fr)	6.57
2	AT & T (US)	27.96	13	Fujitsu (Jap)	5.31
3	Gen Electric Co (US)	23.54	14	**GEC (UK)**	**5.22**
4	Siemens AG (FRG)	14.05	15	Thomson (Fr)	5.13
5	Philips (Neths)	12.93	16	Honeywell (US)	5.12
6	GTE (US)	12.25	17	Motorola (US)	4.66
7	Daimler-Benz (FRG)	11.79	18	AEG AG (FRG)	2.99
8	ITT (US)	9.41	19	L M Ericsson (Swed)	2.79
9	Westinghouse (US)	8.65	20	N Telecom (Can)	2.79
10	NEC (Jap)	7.67	21	**Plessey (UK)**	**1.42**
11	RCA (US)	7.31	22	Gould (US)	1.18

Source: Monopolies and Mergers Commission
* Home currencies converted to sterling using Dec 1984 exchange rates.

LEADING MANUFACTURERS OF TELECOMMUNICATIONS EQUIPMENT

Source: GEC

Rank	Company	Sales 1984 (£bn)
1	AT & T (US)	7.59
2	ITT (US)	3.50
3	Siemens (FRG)	2.53
4	N Telecom (Can)	2.46
5	L M Ericsson (Swed)	2.38
6	NEC (Jap)	2.01
7	Alcatel-Thomson (Fr)	1.93
8	GTE (US)	1.71
9	Philips (Neths)	.89
10	**GEC (UK)**	.75
11	Fujitsu (Jap)	.74
12	**Plessey (UK)**	.68
13	Italtel (Ital)	.47

Men and Matters

A note of dissent

Colin Baillieu started his career as a newspaperman—and still shows a vivid turn of phrase in his dissenting note to the Monopolies Commission report blocking the GEC bid for Plessey.

Defence electronics, he compares at one point to "a Breughel painting: a mass of detail and seemingly unrelated activity building up to a satisfying completeness—at least for the connoisseur."

GEC's record, he argues, gives ground for optimism about a merger with Plessey. But he concedes, with a touch of Shelley, that "the industrial landscape is littered, Ozymandias-like, with the colossal wrecks of once popular mergers."

This proposed merger, Baillieu concludes, would not be against the public interest. "To take an excessively purist line about a small loss of domestic competition is to perpetuate the balkanisation of an important sector of British industry."

But despite this facility with words, Baillieu won none of his five colleagues to his side—and he was not available yesterday to expand his arguments.

Aged 56, and a member of Lloyd's Council, Baillieu has been a member of the Monopolies Commission for two years. He abandoned newspapers after a brief spell on the London Standard, and turned to a career in industry. He worked for British Metal Corporation and British Aluminium in the 1950s; followed with a six-year spell with Monsanto Fibres and quit industry in 1976 after eight years with Ultrasonic Machines.

Baillieu was active in the Conservative Bow Group in the 1960s and twice fought in general elections as a Tory candidate against one of the then leading figures of the Labour Party, Tony Greenwood, in Rossendale.

According to Who's Who, he now devotes his spare time to 17th century history, theology and "teaching boys to play polo."

Action line

"What we are doing is, in fact, protecting an endangered species," Lord Elton, Minister for the Environment, pronounced at London Zoo yesterday.

Not some rare animal this time though—but the only known surviving example of a 1929, K3 concrete telephone kiosk which stands by the parrot house.

This, and seven other kiosks, dating from 1921-1930, sited in the Isle of Wight, London's Covent Garden, and Warrington, were listed yesterday as being of special architectural or historical interest.

British Telecom, meanwhile, continues the struggle to protect the more up-to-date species of kiosk against the vandalism and theft which, it estimates, costs it £36m-£40m a year.

Paper chase

The Independent, the new quality broadsheet set up by exiles from the Daily Telegraph, is roaring ahead. The paper, due to be launched in October, has sent the good news proudly to its shareholders.

By the end of June it had lost only £639,000, almost £1.5m less than forecast at the time of preparing the prospectus. At least £1m of this "gain" represents a permanent saving, because of later recruitment of staff and savings in rates on the building.

The bad news is that the paper has decided to take on an additional 28 people in the production and editorial department which will cost about £500,000 extra a year.

Then there will be extra capital expenditure of £1.1m more than expected — partly caused by the need to equip the greater number of staff and the duplication of the transmission system between London and the paper's main printing centres.

"The increase in staff has raised the breakeven point slightly," The Independent admits, although it adds that the extra capital expenditure will be defrayed by the savings already made.

Party spirit

Robust times within the British Labour Party as the mainstream membership tries to winkle out supporters of the proscribed Militant Tendency ("supporters" because the Tendency claims it does not have members).

Writing in the independent Labour paper, Tribune, Andrew Wilson gives some tips for socialists on "How not to get expelled from the Labour Party."

Wilson should know. He was expelled last year and reinstated seven months later after waging a vigorous campaign.

Pay your subscriptions promptly, he advises. If you are just a day late you could be "lapsed." That could prove difficult if the party has become "full" when you re-apply.

Only when it is imperative, he warns, should a Labour Party member attend ward, district, or general committee meetings. To do so means he or she is an activist.

Do not move house to a new area. That is known in the party as "infiltration."

Try to disguise your Liverpool accent and do not use words indicative of Militant sympathies such as "working class" or "house building programme."

If there are moves to expel you then make haste to get selected as a prospective parliamentary candidate. That elevated position, he suggests, gives immunity from expulsion.

Wilson says it remains to be seen whether writing for Tribune on the question of expulsions from the party is itself an expellable offence.

Think harder

No body of British men and women espouses a nobler cause than the group of politicians, theatre folk, and business people, which is running the Think British Campaign.

All they ask is that every true Britisher thinks about buying British-made products first before making a purchase.

Such a pity that the average British consumer is making life difficult for them.

Having commissioned a Gallup Poll survey last month, the campaign has learned that fewer than four women out of 10 rate British goods best for quality, service and value. And the men are even more sniffy at home products. Only 25 per cent of them rate British as best.

Loyalty is a commodity scarcest among the young, the figures indicate. Whereas 40 per cent over the age of 65 were positive that British meant best, only 28 per cent under the age of 24 were prepared to agree.

Japanese goods hold second place for quality to home-produced goods among the British public, the survey shows, while Germany ranks third.

Gallup reported that goods from France, the US and Italy rate poorly among Britain's buying public.

Work wonders

From the staff magazine of a London company—"We live in age when too many people believe in doing as little as possible for as much as possible. When I consider the poor productivity record of some industries, I am tempted to ask: 'How did God manage to create the entire universe in only six days?'

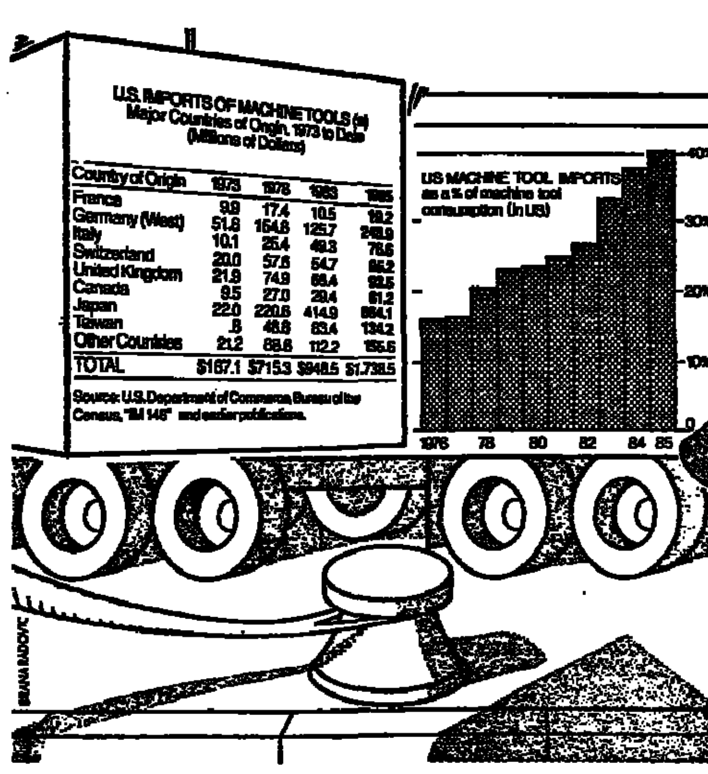
"Simple—He was self-employed."

Observer

US machine tools

Coming to terms with a shrinking industry

By Paul Taylor in New York



FOR YEARS the troubled US machine tool industry has been waging a lobbying campaign in Washington to try to persuade a reluctant administration to stem the flood of cheap imports to the US. In May President Reagan, citing national security concerns, finally acted.

The President, terming the US industry "a small but vital component of the US defence base," outlined a six-point plan to shore-up the battered and fragmented industry which has lost almost half its member companies since 1981.

As part of the plan the US will seek from November five-year voluntary restraint agreements covering selected machine tool imports from Japan, West Germany, Taiwan and Switzerland—the four largest exporters of machine tools to the US. Together, they accounted for almost 80 per cent of the $1.7bn in US machine tool imports last year. Japan alone supplied equipment worth $853m.

But the President's delayed action—it came three years after the National Machine Tool Builders' Association (NMTBA) first filed its Section 232 petition—leaves unanswered many of the fundamental problems facing the industry.

These problems—cyclical over-capacity, low productivity, high wage costs, surging imports and faltering technological leadership—are, in the main, the same faced by many of the industry's primary customers in the US manufacturing sector.

"We believe the US machine tool industry is going through a secular change," says Ms Christine Chien, of Prudential-Bache, the Wall Street securities firm. "It is downsizing and we don't think the high points will again reach the levels reached in the 1970s. But the low points will be as low."

The US industry is indeed going through massive restructuring. Since the NMTBA filed its petition in March 1983, one in four of the US machine tool companies then in existence has gone out of business or been bought up by other interests or moved its operations offshore.

Nearly half the 38 domestic manufacturers that made milling machines five years ago are not doing so now and even the survivors have been forced to close plants and slash overheads. Over a third of the industry's one-time 110,000 payroll has gone. As a whole the machine tool makers barely broke even last year, despite an upswing in orders and shipments.

The obvious explanation for these woes is the strong dollar and resulting surge in imports. But these factors tell only part of the story. There were clear signs of trouble as early as the mid-1970s, when the US industry could not keep pace with the boom in the motor and aerospace sectors.

"Foreign manufacturers were ready, willing and able to supply in a growth market," says Mr Doug Cliggott, an economist with the independent New York-based Conference Board. Foreign suppliers, particularly the Japanese, were able to deliver high-quality goods with short delivery times and at highly competitive prices.

The result was an almost unprecedented surge in imports—mostly of stand-alone (or single-function) machine tools and the new generation of numerically controlled equipment. By 1980 importers had a 23.3 per cent share of the then $5.2bn US domestic market. By the end of last year that share had grown to almost 43 per cent of a considerably smaller pie. In some categories, for example multi-function machining centres, the importers' share was over 60 per cent. "It is wrong to dismiss this as a dollar price factor," says Mr Cliggott.

Instead, analysts point to other fundamental weaknesses in the fragmented and often inefficient US industry. According to most estimates, Japanese machine tool companies, until recently, had at least a 30 per cent cost advantage over their US counterparts. Even after the dollar's sharp 38 per cent decline against the Japanese yen over the past year, Ms Chien estimates that Japanese suppliers retain a 10-15 per cent advantage. Although Japanese suppliers have been raising list prices in the US, she notes: "No one sells at list."

Equally importantly, many, including the national Academy of Sciences, have questioned the ability of the US industry to translate initial technological leadership into competitive products.

In particular, they cite the advent of numerically controlled (NC) machine tools in the 1970s. Although the technology was largely American, importers have come to dominate the NC market. As a result, several major US manufacturers have abandoned the market.

The Conference Board's Mr Cliggott suggests the investment behaviour of US manufacturers has played a key role in the machine tool industry's decline. "They have not been willing to invest where the investment might not pass all the standard business school tests," he says. "There was much more customer support, for example in Japan, to take risks on new machines."

The US industry's inability to generate healthy returns on its machine tool business could have an important impact on its prospects of competing in the new markets for more sophisticated machine tool cells and flexible machine systems (FMS)—collections of computer controlled machine tools that require little if any human intervention.

This is the target growth area for most of the surviving US machine tool makers. As Cross & Trecker, the Michigan-based toolmaker, notes: "The Japanese edge is in price, mainly for stand-alone equipment. Our edge is in the upper two-thirds of the market where we compete on the basis of quality, reliability and technological leadership, as well as our highly sophisticated computer capabilities."

But to retain that technological edge, the US industry must maintain, if not step up, its research and development spending—and that ability, in the face of continuing losses at many major machine tool builders, is in question.

Even Cincinnati Milacron, which claims to be the world's largest machine tool maker, spent only $36.8m (or 5 per cent of sales) on research and development last year. The machinery industry average as a whole, as represented by 50 other large companies, was 3 per cent.

In contrast, other high-tech companies, particularly in the computer industry, frequently spend more than 10 per cent of sales on R and D.

Virtually no major US machine tool maker has been left unscathed by the industry's plight although some, like Cross & Trecker, which has acquired several machine tool businesses including Bendix's Warner Swasey unit and four small companies including Lasalle Machine Tool from rival Acme-Cleveland, have appeared temporarily to benefit from the shake-out.

Like other US tool makers Cross & Trecker has sourced some of its products offshore—it imports from its 50 per cent joint venture with Murata, the Japanese group.

But even Cross & Trecker has been forced to retrench. In June the company reported that it was likely to remain unprofitable in both the third and final fiscal quarters. As a result Mr Richard Lindgren, president and chief operating officer, said the company would reduce costs by $12m annually, in all areas except R and D.

While Cross & Trecker insists it is in the machine tool business for the long haul, other US majors appear less certain. Among them is Ex-Cell-O, one of the industry's most consistent performers, which is cutting its machine tool operations and Acme-Cleveland, which managed to scrape back into the black last year after two years of losses. Earlier this week, Textron, the US defence and financial services group, made a $965m takeover bid for Ex-Cell-O.

"Our goal is to have a substantial percentage of Acme-Cleveland's business in products new to the corporation before the cycle for its traditional metal cutting industries turns down again," says the company's senior management. Nevertheless the group posted a small operating loss for the first quarter, citing the disappointing performance of a subsidiary which manufactures telecommunications equipment.

At Cincinnati Milacron, senior management has accelerated its own asset redeployment programme resulting in a $48m net loss last year. Since 1980 the group has scaled back its exposure to the volatile machine tool industry, closing five plants, reducing its machine tool workforce by 46 per cent and reducing assets employed in machine tool production from almost 70 per cent of the total to just over 50 per cent. The aim, says Milacron, is to build second and third legs to its business—plastics machinery and other businesses like silicon wafers used to make semi-conductors, and measurement and inspection systems.

What is becoming increasingly clear is that the US machine tool industry five years from now will have even fewer major players, and they will be even more diversified.

Despite this gloomy outlook, opportunities for the industry still exist. About a third of the machine tools working in industry today are believed to be at least 20 years old and in need of replacement. Many economists believe US capital spending will pick up again once uncertainties over tax reform and other issues are resolved.

In the meantime, with or without quotas, the industry looks certain to become even more international in both its structure and outlook. Already Japanese companies are increasing their investment in the US. Mori Seiki has just opened a machining-centre assembly plant in Dallas and Toyoda Machinery USA is due to start assembling lathes and machining centres near Chicago. Fanuc of Japan, which already operates a successful robotics joint venture in the US with General Motors, has announced plans for a factory automation equipment joint venture with General Electric.

Lombard

Productivity still on rising trend

By Samuel Brittan

IF PRODUCTIVITY—defined conventionally as output per head—were all that it were cracked up to be there would be little need to worry about the British economy. An exhaustive scrutiny by John Muellbauer and others in the new Oxford Review of Economic Policy (OUP) extracts the underlying productivity trend from the mass of short-term fluctuations.

The study is confined to manufacturing on the grounds that this sector accounts for 66 per cent of British exports of goods and services. But the real reason for the stress on manufacturing is that it is easier to measure and statistics are easier to come by. We are promised a later study of services. But what we need is one for the whole economy, broken down into more interesting categories than the crude out-dated manufacturing-services distinction.

Nevertheless, we should be thankful for what we have. Muellbauer extracts three phases from the data. There is first a period of fairly rapid growth in manufacturing productivity in 1959-73; a slowdown in 1973-80, and a recovery from the latter part of 1980 which re gained or slightly exceeded the earlier rate. A similar slowdown and recovery has been experienced in other European countries, clearly triggered off by the first oil price shock.

The official figures suggesting complete stagnation in UK manufacturing output and productivity so far in 1986 are given a well-deserved dismissal. Part of the problem is a purely cyclical slowdown associated with the so-called pause on the world economy. But Muellbauer also maintains that there has been an underestimate of 2 per cent in the official figures for the growth of manufacturing output over the last five quarters. Labour costs per unit of output have risen by 5 per cent per annum, not the 9 per cent claimed by the CBI. But this is still about 4 to 5 per cent higher than among our main competitor countries.

The trend growth of UK manufacturing productivity is put at 3 per cent per annum. But every silver lining encompasses a cloud. The implication is that production must grow at 3 per cent to prevent a further rundown in manufacturing employment. Although most of the new jobs may be elsewhere, it will certainly help if they do not have to offset a continuing manufacturing decline before they make a net contribution.

Indeed, there is a further wrinkle to the argument. If manufacturing output is rising at the required rate investment would itself be higher, which would, in turn, raise productivity still more. Thus the true underlying rate of growth required to keep manufacturing employment stable is more like 3 per cent to 3½ per cent per annum.

Muellbauer discusses five possible causes of the productivity surge: the shedding of below the average labour or plant; better capital utilisation; better labour utilisation; improved industrial relations; and the micro-chip revolution. The earlier ones in the list are by their nature temporary; the later ones could continue in the longer term. The evidence does not allow us to say which are the most important factors.

Muellbauer's discussion of pay, exchange rates and competitiveness is not on the same level of sophistication as his analysis of productivity. As one who incurred the wrath of the effective Deputy Prime Minister (Sir Robert Armstrong) by criticising the Top Peoples' pay awards of 1985, I find the suggestion that they are an important contributor to current wage inflation difficult to believe.

Nor is the declaration at the start of the review that British international competitiveness was 23 per cent less in 1984-85 than in 1975-79 as spectacular a sign of disaster as the authors suppose. At most this was a symptom. But the choice of years is in any case misleading. There is nothing sacrosanct in the particular base period; and oil does make a difference.

As for the conclusion that the British (nominal) exchange rate "needs to be set on a firmly declining path," we see here the British economic establishment at its worst. Indeed, Muellbauer admits that his remedy might not work unless we could tackle wage inflation. But then it might also not be necessary.

Letters to the Editor

Principles of accounting

From the Chairman, Accounting Standards Committee

Sir,—Like your editorial of August 5, I welcome the publication by HM Treasury of "Accounting for economic costs and changing prices" (the Byatt Report). It provides a useful contribution to the debate at a time when accounting for the effects of changing prices is (wrongly) being neglected.

You referred correctly to the difficulties the Accounting Standards Committee has experienced since 1980 in connection with SSAP 16 "Current cost accounting" and the search for a replacement. I must however, take issue with your assertion that "everybody except a large body of professional accountants" is likely to embrace CCA and with the implication that they would like to reject the historical cost accounting model but for the fact that a backward accountancy profession is clinging to it. The reverse is nearer the truth. It is the accountancy profession that has consistently drawn attention to the shortcomings of historical cost accounting and the need for reform.

With honourable exceptions, it is the remainder of the business community—not to mention the Inland Revenue—that has rejected reform based, I would suggest, on nothing more subtle than the fact that hitherto most versions of CCA reported lower profits than does historical cost accounting.

Nor, I suggest, is the financial press above criticism: when inflation was at its height, the majority of listed companies gave CCA information but commentators almost wholly ignored it, notwithstanding that auditors in their reports had drawn attention to the omission of changing prices information.

Peter Godfrey,
PO Box 433,
Moorgate Place, EC2.

Multiversity network

From the Director, Centre for Economic Policy Research

Sir,—I understand why Michael Prowse (August 1) might attribute a common policy thrust to several new economics research institutions, but I have to point out that the Centre for Economic Policy Research does not fit in that framework. CEPR is a networking organisation, a "multiversity," structurally quite different from both new and old think tanks. The centre is its network of research fellows and their activities; our research fellows swim along in their own streams and would never congregate in a tank. We provide services and resources for them and disseminate their varied work.

A University department or an in-house research institute may naturally assemble like-minded colleagues. It would be impossible, however, for CEPR to maintain an institutional policy stance acceptable to such a wide-ranging, dispersed group of academics as its research fellows. It would be particularly incongruous for a group with an international orientation and composition to pronounce on the internal UK policy debate. And it would contravene CEPR's charter, which bars us from taking any institutional policy positions. That pluralism is upheld by the centre's diverse board of governors.

The new Journal Economic Policy is an equally unlikely platform for any opposition in the UK or elsewhere. It is hard enough to launch and operate such an enterprise under joint French and British sponsorship, with a distinguished panel from all over Europe. The editors could not impose a unified view of British economic policy even if they had one.

Richard Portes,
6 Duke of York Street, SW1.

Pity the poor railways

From Mr R. Bonwit

Sir,—The Central Transport Consultative Committee's complaints (August 5) about the performance of BR's passenger services appear to be supported by the evidence adduced—but they are addressed to the wrong quarter.

The ultimate responsibility for the backward state of our railways must rest with the Government. By drastically reducing the subsidy granted to the railways for providing transport in critical areas and thus reducing congestion on trunk and urban roads the Ministry of Transport—and indirectly the Treasury—has induced the railway administration to resort to the penny-pinching tactics which give rise to the committee's strictures.

It may be "economically viable" to cram more passengers into fewer trains or fewer carriages and to charge them higher fares for a poorer service, but in the not-so-very-long-run this will tend to drive a sizeable proportion of commuters on short or long journeys from the rails on to our congested roads using either some privatised coach service or their "business" cars: the latter are subsidised by the taxpayer to the tune of about £2bn a year.

One gets the impression that the railway administration—driven into a corner by government demands for a quicker return on capital (not on train journeys) and a desire to justify fare increases imposed by the same government's refusal to contemplate adequate subsidies—has tended to promise more in its timetables than the service can in fact perform. A result of this is the disappointingly high proportion of late arrivals.

Nor are the railways allowed sufficient time to digest the modern tools of their trade which they have been allowed to acquire rather late in the day. This leads to bad staff relations and temporary but far too pervading operational inefficiencies. Generally speaking the wages of operational staff are too low and their overtime load too high for the comfort of both staff and passengers whose safety depends on fully alert train crews—not men worn out by decades of working on their rest days.

What the committee's complaints really amount to is that the railway administration engages on short cuts such as shorter or fewer trains. I am sure it must dislike having to do this but what other choice does it have when faced with government exhortations that it must carry and charge "what the traffic will bear"?

Ralf Bonwit,
Sorby, Kiln Lane,
Binfield Heath,
Henley-on-Thames.

Getting pensions right

From Mr S. Wynn

Sir, — Mr Walker (July 29) writes about the merits of money purchase pension schemes which are well designed. In a recent Bow Group publication it is suggested that the ideal design has: unit-linked saving for younger members, optional fixed-interest saving for older members, group insurance to help provide widows' benefits in the event of death before retirement, declared expenses for running the scheme. An example of a badly designed money purchase scheme which has none of these features is the universities' scheme FSSU.

The publication advocates that the Government should adopt the recommended design of money purchase scheme, and give an incentive for employers to change to this design, starting with new members. In this way final salary schemes will be gradually phased out altogether. In return for the very large tax concessions provided to pension funds, the Government has every right to specify designs of scheme. As Mr Walker points out, leaving things to market forces and the creativity of actuaries has in practice resulted in unsatisfactory designs. This has, in turn, caused the present mass of regulations and difficulties with SERPS.

Stephen Wynn,
8, Clarence Gardens,
Brighton, Sussex.

Planning appeals

From the Chief Executive (Designate), National Chamber of Trade.

Sir,—Hazel Duffy's report of the "Move urged on planning appeals" (August 4) was of special interest to this chamber.

We share the view that appeals should be shorter, less formal and so less expensive; but remain convinced that insufficient weight is attached to the interests of small retail firms when major retailing developments are under consideration, and speed must not be allowed to compromise this further.

The effect upon small independent shops situated within the catchment area of large suburban and out of town retail developments can be quite disastrous. Developers invariably have far greater financial resources than are available to the small business man; but it is the latter whose livelihood is put at risk. Developers can, and do, pour these resources into planning applications and appeals to such an extent that any opposition is completely overwhelmed. Should their application fail, they can simply re-submit in respect of another site close by, and continue to do so until an application is successful.

The NCT has long recommended the creation of a planning or technical counterpart to the legal aid system. That idea is supported by the views of the Stevenson Committee of 1972, which recommended financial assistance for voluntary groups where it was necessary to enable a point of view to be properly presented, or an issue fully investigated.

We are in agreement that no further enterprize zones should be declared pending close scrutiny of the lessons to be learned from those now in existence, particularly in respect of the cost which has to be borne by sectors of the business community which are outside the scope of the benefits.

What is certain is that, unless some financial support is made available, small retailers will continue to be put at risk by the proliferation of large retail developments in suburban and green field locations. So too, ultimately, will be the interests of the shopping public.

Darrell H. Jackson,
Enterprise House,
Henley-on-Thames, Oxon.

FINANCIAL TIMES

Thursday August 7 1986

SOUTH AFRICA REPLIES TO SANCTIONS MOVES BY ZIMBABWE

Pretoria imposes trade curbs

BY BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICA has carried out its threat to curb trade with neighbouring black states by tightening checks at the main border post with Zimbabwe and imposing a cash deposit scheme on goods moving from South African ports to Zambia.

The move follows this week's endorsement of sanctions against South Africa by six of the seven countries meeting in London for a Commonwealth mini summit on South Africa.

Specific measures advocated by the six – Australia, Bahamas, Canada, India, Zambia and Zimbabwe – include a suspension of air links with Pretoria and a ban on imports of coal, iron and steel, and agricultural products.

Shortly before the London meeting, Zimbabwe and South Africa concluded revisions of the 22-year-old preferential trade agreement between the two countries. The revised pact, which gives Zimbabwe's exporters of manufactured goods preferential entry to the South African market, came into effect on July 31.

South Africa remains Zimbabwe's main trading partner, accounting for 14 per cent of total trade. Last year, Zimbabwe's imports rose 18 per cent to $162m, while exports to South Africa were worth $105m.

In apparent retaliation for Zimbabwe's support for sanctions against Pretoria, South Africa is to introduce tomorrow a new licensing system on imports from Zimbabwe.

A Johannesburg road haulage company confirmed yesterday that customs officials at the Beit Bridge border crossing are delaying southbound traffic from Zimbabwe, Zambia and other countries by insisting on meticulous compliance with customs regulations.

The company's chief executive said: "Our vehicles are coming across the border very slowly at present," with delays of several hours being experienced.

The Department of Customs disclosed yesterday that the import deposit scheme, mentioned as a possibility by Mr Pik Botha, Foreign Minister, earlier this week, was in fact implemented last Monday.

The authorities have linked both actions to customs requirements. A Department of Foreign Affairs official said yesterday that the border controls were needed "to form a statistical picture of traffic from neighbouring states ... in the light of prevailing circumstances."

Mr D. J. Colesky, Commissioner of Customs, said the import deposit requirements were the result of efforts by South African importers to evade customs duties by pretending that shipments were destined for Zambia.

The possibility of a political motive emerged on Tuesday when Mr Botha raised the subject of the deposit in the context of South African retaliation against neighbourings states supporting sanctions against Pretoria. Mr Botha said that countries favouring sanctions would have to "put their money where their mouth is."

A licensing scheme for imports from Zimbabwe, announced last week, will come into effect tomorrow.

The new deposit scheme will apply only to Zambian imports. Copper exports are not affected. The deposit, which will vary between 3 per cent and 100 per cent of the value of a product, will be refunded on presentation of proof that the goods have reached Zambia.

Mr Colesky said that whisky and motor vehicles were among the items supposedly destined for Zambia, but diverted to South African customers without payment of import duties. He said the authorities "will not hesitate" to demand deposits for transit goods to other countries if "the same fraud is committed."

A deposit scheme on transit goods to all African countries north of South Africa was in force for about a year until early 1985.

South Africa's black-ruled neighbours depend on the South African transport system for about half of their imports and exports. Among the items delayed by more stringent border checks are shipments of tobacco, tea and mining machinery being sent from Zimbabwe and Zambia to South Africa for repairs.

The South Africans have often hinted that they would retaliate against their black-ruled neighbours' support for sanctions by disrupting trade flows. But Pretoria has seldom admitted that specific steps have been taken for political reasons.

Even when a virtual blockade of Lesotho's border was mounted late last year, culminating in the overthrow of the Government of Chief Leabua Jonathan, Pretoria insisted that its purpose was to protect South Africa's security interests rather than to put pressure on Lesotho.

South Africa-Zimbabwe trade pact, Page 2

Congress fails to override Reagan's textile veto

By Nancy Dunne in Washington

THE US House of Representatives yesterday fell eight votes short of the two-thirds majority needed to override President Ronald Reagan's veto of protectionist textile, apparel and footwear legislation.

The 276–149 vote followed a bitter, non-partisan debate in the House, where supporters of the Jenkins bill argued that an override would send the Administration "a wake-up message" to strengthen its policies against "unfair trade."

The Administration prevailed, however, with threats that the bill would provoke retaliation and wreck both the recently completed Multi-Fibre Arrangement and the new round of multinational trade talks.

Officials of the American Textile Manufacturers' Institute said they ere "bitterly disappointed" over the death of the legislation. They held the President responsible for its defeat. They all would have rolled back imports from Hong Kong, Taiwan, South Korea and seven other nations, in some cases by as much as 30 per cent.

Although the bill was vetoed last December, its backers delayed an attempt to override the President until the MFA settlement last week. The potential override served as a club over the head of MFA negotiators and stopped in the tracks any attempts to liberalise the pact.

Although the US argued for inclusion of all fibres under the MFA, it ultimately settled for limits on sisal, jute and ramie. However, US textile and apparel producers declared the agreement to be "full of loopholes," accused the administration of "caving in" and pressed hard for passage.

Supporters of protection, concerned about the rising US trade deficit, joined forces with textile, apparel, and footwear industries. Adding to their numbers were congressmen from copper-producing states.

One provision of the bill would have ordered the President to negotiate production limits with other copper-producing nations.

Mr Ed Jenkins, the Georgia Democrat and wrote the bill, argued that "we have to have action to save basic industry ... or how can we lead the free world?"

President Reagan's view was defended by, among others, Mr Sam Gibbons, a Florida Democrat, who argued that economic conditions in the textile industry were improving while "America's reputation is on the line. How can we remain the military and moral leaders of the world if we enter into agreements and then unilaterally disavow them?"

GEC bid for Plessey blocked

Continued from Page 1

tion that a larger company would be better able to compete in international markets and resist the penetration of overseas companies in the UK," the report says.

Mr James Prior, GEC chairman, regretting the decision, said that GEC would continue "to explore suitable opportunities for acquisitions in the UK and overseas."

However, opinion among London analysts was that the failure of the bid left GEC in a difficult position. In the UK, any bid for another major electronics group would almost certainly run into objections similar to those raised against its bid for Plessey.

GEC was saying yesterday that it would seek to avoid a future reference to the commission.

There seemed no obvious solution yesterday to the recommendation that GEC and Plessey should try to rationalise the overcapacity in System X production.

GEC and Plessey, which have long been pondering what to do about System X, each has said that it would be prepared to take over the other's System X facilities, if the price was right, but was not prepared to sell.

However, British Telecom, the main customer for System X, repeated its offer to help find a solution to the problem by bringing GEC and Plessey together.

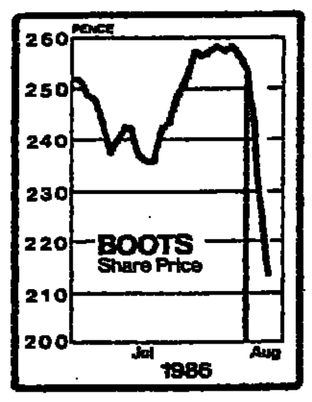
Plessey was widely thought to have fought a more skilful public relations battle than GEC. It also made several management changes – bringing in Sir James Blyth, a former head of overseas sales at the Ministry of Defence, as managing director.

Its link with Westinghouse of the US to supply equipment for the bid by Boeing for the Royal Air Force's early warning system confirmed its ability to find powerful partners, while the timing of the announcement, just before yesterday's announcement, scored an important propaganda victory.

THE LEX COLUMN

The chemist's poison pill

The market's tolerance can be put to the test in quite different ways; yesterday it had to put up with old-fashioned bad news from GKN and castles in the air from Boots, and did not much like either. The day's 1½ per cent fall may not amount to more than an unhappy half-hour, put perhaps it was just as well that so many people in the city of London had already taken to revising, or inventing, means by which they can make money in a bear market.



Boots

To talk in the same breath of Boots' vendor placing and of logic is likely to strain credulity of half the City. Yet there is some logic in Boots' arguments for buying Flint, a modest US manufacturer of synthetic thyroid hormone. Whether that logic stretches far enough to cover an acquisition cost of $592m is more questionable: certainly, the fact that only 2.3 per cent of the purchase price is covered by tangible assets means that not all the goodwill can be buried in Boots' share premium account.

Boots will not only have to write off nearly £50m against reserves, but the very high multiple that it is paying for Flint – nearly 20 times prospective earnings – means significant dilution over the next couple of years.

The idea behind purchasing a single-product company with no patent protection or research base – so baldly stated, it sounds like a management death-wish – is to provide a platform for Boots to expand its ethical drug sales in the US as new products come on stream, and add to the sales force while getting away from the reliance on hard-bargaining licensees. Although Boots has a promising heart drug in clinical trial, and an anti-depressant to follow, these will not be ready for commercial launch until 1990 at the earliest; if Boots is essentially buying a 60-strong sales team, it is paying a great deal more per person than the most extravagant City conglomerate.

The demolition of Boots' shares by leak and rumour since the weekend has effectively set the placing at a discount (almost 20 per cent) that might have been appropriate in a genuine one-for-four rights.

Despite the minimal claw-back demand for shares from a similar placing by Dee Corporation, and the mixed reception that Boots met with yesterday, it was tactful (if sardonic) of Boots' financial advisers to have provided a 100 per cent claw-back facility. Shareholders are at any rate being left with a choice – how much to be diluted by the commercial consequences of the Flint deal, how much by the vendor placing that is financing it.

GKN

If anyone thought that it was the peculiar misfortune of electronics companies to wipe out their accumulated City good will in a morning, yesterday's performance from GKN was cautionary. Rude shocks produce the wildest fears, and those followers of GKN, who were confident on Tuesday that the company could increase profits 20 per cent this year, ended yesterday despairing of the UK's engineering base: the 16 per cent knocked off GKN's share price – down 56p at 290p – set in train a general hammering of the engineers.

The City should have drawn conclusions about GKN and other motor suppliers from poor registration figures for commercial vehicles and tractors. Equally, the collapse of profits from GKN's steel stock-holding business may be as much a problem of imports as a leading signal of slowing economy. As it is, GKN had a good first quarter supplying the US motor industry, and its pre-tax interim profits still managed an increase of 6 per cent at £74.5m, which were as expected, give or take some £4m in redundancy charges. But the dismal and unadvertised second quarter has set the trend for a flat year and revived questions about GKN's recovery.

GKN has done well to divest itself of marginally profitable businesses, has evicted much of the remaining steel operations from its balance-sheet and concentrated on those components where its technology can still produce growth in maturing markets, even at the cost of heavy dependence on a few customers.

But it is still saddled with some £320m in UK operating assets, absorbing the lion's share of capital spending and nowhere near producing the sort of taxable return which could start absorbing unused ACT; and GKN simply cannot afford any further drain on the equity needed to support even the debt on its balance-sheet. GKN's share price may have stopped falling when it bounced on a 7 per cent prospective yield, but, given the ACT problem, the cash-cover is thin enough.

Investment banking

Just how right the market has been to worry about the bleakly competitive future of UK merchant banks was underlined yesterday when Goldman Sachs admitted that Sumitomo Bank might be putting $500m into Goldman's partnership kitty, in return for an eventual 12½ per cent of the income. If the deal is done, that extra capital will go to Goldman's worldwide business and much of it must be destined for London. A combination of Japanese capital and American aggression presents a fearful prospect to the defending London players, who are already fighting off raids on key clients and personnel.

Even so, the recent underperformance of UK merchant bank shares is being taken too far when profits like Kleinwort Benson's for the first half of 1986 are dismissed as entirely non-recurring. Disclosed pre-tax profits were more than doubled, at £57.7m, and much higher than market forecasts. More importantly, Kleinwort has a balanced spread of merchant-banking activities – no one part making more than a quarter of the profits – which limits the damage that deregulation can do.

While takeovers, new issues and fund management are arguably at the mercy of stock market volatility, the real gamble is the new securities business, where Kleinwort has put up £100m of capital from total resources of £572m. Disclosed pre-tax profits this year should comfortably top £100m against £80.3m. It seemed a little churlish, yesterday, to add only 25p to the shares, which closed at 740p, despite the gloom elsewhere. But a multiple of 6½, falling to perhaps 5 on full disclosure, is only being consistent about the competitive threats.

Half-year figures hit GKN shares

By Nick Garnett in London

THE PRICE of Guest Keen and Nettlefolds (GKN) shares fell 56p to 290p by the close of London trading yesterday after an interim statement from Sir Trevor Holdsworth, chairman of the UK engineering group, that was much bleaker than the City of London had expected.

Pre-tax profits for the half year to June were up from £70.5m ($98.7m) to £74.5m. What upset the City, however, was the recent emergence of poor marketing trends that the group said it could not predict at the last annual meeting.

The City had been expecting GKN to raise pre-tax profits to about £155m for the full year. Sir Trevor said yesterday that trading difficulties and price pressures in the second quarter of this year would make it difficult for the group to improve on last year's performance, when its pre-tax profits were £133m.

GKN believed that some of those adverse trends were temporary, that new product development which had affected its balance sheet would bear fruit soon, and that the world car market, into which it sells components, remained reasonably strong. It said it would be firmly back into profits next year.

The group has suffered because of some awkward pricing problems and falling demand across a number of engineering sectors.

UK commercial vehicle production and tractor registrations in the UK and France, two sectors into which GKN sells steel pressings, chassis frames and driveshafts, were running at 20 per cent below 1985 levels and had started to impinge on the group in the second quarter of this year.

Component distribution in the US, which has been in steady decline through 1985, was enmeshed in severe pricing pressure.

GKN also had to lower prices to secure supply agreements up to 1993 with Ford and Chrysler for components the group makes in the US such as constant-velocity joints and shafts.

GKN is the UK's largest steel stockholder and its profits in that business have slipped, with a return on assets, once between 10 and 15 per cent, less than 10 per cent. Negotiations to sell that business to a group of US investors who made the first approach fell through last month.

Details, Page 18

Boots will pay £400m to buy Flint Laboratories of the US

BY LIONEL BARBER IN LONDON

BOOTS, the UK retail chemist and pharmaceuticals manufacturer, is buying Flint Laboratories, a drug manufacturing subsidiary of Baxter Travenol Laboratories, the US company, in an ambitious deal worth up to £400m ($592m) aimed at boosting its presence in the world's largest drug market.

Boots will pay £377m for Flint and up to $45m in cash for a drugs business, Chymodiactin, which was acquired by Baxter Travenol last month.

Boots described the acquisition yesterday as an important strategic move for the group which has been rumoured recently as a bid target. However, analysts questioned the price paid, which represents about 25 times Flint's 1985 earnings.

The deal is being financed by a placing of 184m new shares – a 25 per cent increase in the company's share capital – at a price of 205p per share. Boots shares closed at 213p, down 11p on the day, and 40p below the price on Monday when rumours of a heavy share placing began.

Existing Boots shareholders will be able to apply for 100 per cent of the new shares, making it in effect a one-for-four rights issue.

Flint, based in Deerfield, Illinois, made $33m in pre-tax profits in 1985 on sales of $50m, and in the first four months of this year made $15m pre tax. Its most important product is Synthroid, a US market leader in the treatment of thyroid hormone deficiency.

Synthroid accounted for more than 80 per cent of Flint's sales between 1983 and 1985. Chymodiactin made a loss of $1.6m on $9.6m sales last year, when it was owned by Smith Laboratories, a US group.

The price which Boots will pay for this business will depend on sales up to December 1990. These are projected to be in the range of $11.1m and $15.5m in each of the next four years.

Mr Robert Gunn, Boots chairman, said that the purchase of Flint marked a move away from Boots' long-standing method of selling its own products through US licensees, which in the past had taken the bulk of profits. It would give an immediate boost to the group's US pharmaceutical products sales, which were $86m in 1985.

Analysts pointed out that Boots was paying nearly £400m for a company with net tangible assets of $12m, excluding the Chymodiactin business and almost no research capability. Boots will have a net gain of about two important new drugs which would only come on to the market in 1990.

Cheap cement imports hit UK groups

BY ANDREW TAYLOR AND MAURICE SAMUELSON IN LONDON

IMPORTS into Britain of cheap cement were claimed yesterday to be threatening two key sectors of UK industry.

Blue Circle, Britain's largest cement maker, said it was cutting the number of its delivery drivers by just under a third – from 1,000 to just over 600 – while the National Coal Board (NCB) gave a warning that large-scale imports of subsidised Greek cement might cut coal sales to UK cement makers by up to 300,000 tonnes a year.

The cement industry is the NCB's biggest industrial customer after the electricity and steel industries.

Mr Jack Shepherd, Blue Circle's marketing director, said the decision to reduce its workforce had been brought forward since the arrival in Britain in June of a floating cement terminal to handle Greek cement imports.

The vessel, which had been towed from the port of Piraeus and is capable of storing up to 6,000 tonnes of cement, is to be permantly moored at Tilbury Docks on the River Thames, east of London.

A second terminal, to be kept in the Port of Liverpool, and capable of storing between 12,000 and 14,000 tonnes, is due in Britain towards the weekend. Both vessels are operated by Seament UK, a British-based company owned by two Lebanese brothers.

Mr Alan Clark, the UK Trade Minister, last month expressed serious concern to the European Commission that, by taking advantage of EEC-approved subsidies, Greek manufacturers would be able seriously to undercut prices charged by British cement producers.

The British Cement Makers' Federation said the present price of ordinary Portland cement, with a five-mile delivery charge, was around £43.24 a tonne. The comparable ex-works price for similar-quality Greek cement was £26.95 a tonne.

Last year, British cement sales totalled around 13.5m tonnes, of which imports accounted only for around 3 per cent.

Ten defect from UK stockbroker

BY NICK BUNKER IN LONDON

QUILTER GOODISON, the London stockbroker, was hit by the defection yesterday of 10 members of its 30-strong international division. The division specialises in selling European equities to international investors.

None of the 10 has been named. They are all to join a new partnership, called ARK Securities, to act as an agent in international securities deals for Banque Nationale de Paris.

The resignations, which took Quilter Goodison by surprise, mark yet another reshuffle in London securities houses' staff in the run-up to October's Big Bang reforms of the UK stock market.

They are unusual, however, because the 10 people involved are setting up their own business, rather than going to another house offering greater financial rewards. One of the 10 said: "We all decided to move because we feel we are a good team which will be able to take better advantage of the exciting new market opportunities on our own. We shall be independent, and have the benefit of BNP's support."

ARK Securities will be based in the same building as BNP in the City of London but not in the bank's own offices. BNP said it would "lend support" to a group of independent entrepreneurs acting as its agent and intending to develop a securities dealing activity.

Employees from three other stockbrokers, besides Quilter Goodison, are believed also to be joining the new partnership.

Quilter Goodison's international division was set up in the early 1970s and has expanded over the last few years. Mr John Davies, Quilter's managing director, said the loss of the staff would be "only a temporary setback."

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	28	82	Dubrovnik	S	33	91	Malta	S	33	91	Rhodes	–	–	–
Algiers	S	30	86	Edinburgh	C	14	57	Manchester	C	16	61	Rio de J'o	S	34	93
Amsterdam	S	22	72	Faro	S	25	77	Manila	C	33	91	Rome	S	30	86
Athens	S	35	95	Florence	S	33	91	Melbourne	–	–	–	Salzburg	S	25	77
Bahrain	S	39	102	Frankfurt	S	25	77	Mexico City	C	25	77	San Francisco	S	18	64
Bangkok	S	32	90	Funchal	S	23	73	Miami	C	31	88	Seoul	C	30	86
Barcelona	S	28	82	Geneva	S	23	73	Milan	F	30	86	Singapore	C	32	90
Beirut	F	30	86	Gibraltar	S	25	77	Montreal	C	26	79	Stockholm	S	22	72
Belfast	C	16	61	Glasgow	C	13	55	Moscow	S	27	81	Strasbourg	S	25	77
Belgrade	T	24	75	Guernsey	R	17	63	Munich	S	25	77	Sydney	R	13	55
Berlin	S	21	70	Helsinki	C	16	61	Nairobi	F	25	77	Taipei	C	34	93
Biarritz	F	22	72	H Kong	S	31	88	Naples	S	35	95	Tangier	S	28	82
Bombay	C	28	82	Innsbruck	S	24	75	Nassau	S	33	91	Tel Aviv	S	30	86
Bordeaux	S	28	82	Inverness	F	16	61	New Delhi	C	35	95	Tenerife	S	26	79
Brussels	S	23	73	Islamabad	C	34	93	New York	R	29	85	Tokyo	S	32	90
Budapest	C	22	72	Istanbul	S	29	84	Nice	S	28	82	Toronto	C	27	81
B. Aires	–	–	–	Jakarta	R	30	86	Nicosia	S	38	100	Tunis	S	32	90
Cairo	S	36	97	Jersey	C	21	70	Oporto	S	21	70	Valencia	S	30	86
Cape Town	C	18	64	Jo'burg	S	18	64	Oslo	S	19	66	Venice	S	29	84
Caracas	C	28	82	Lima	C	19	66	Paris	S	25	77	Vienna	S	25	77
Casablanca	S	25	77	Lisbon	S	27	81	Peking	S	31	88	Warsaw	F	23	73
Chicago	C	27	81	London	S	22	72	Prague	F	22	72	Washington	F	23	73
Cologne	S	25	77	Los Angeles	S	26	78	Reykjavik	C	11	52	Zurich	S	21	70
Copenhagen	F	20	68	Luxembourg	S	24	75								
Corfu	–	–	–	Madrid	S	31	88								
Dallas	S	23	73	Majorca	S	29	84								
Dublin	R	14	57	Malaga	S	27	81								

Readings at mid-day yesterday:
C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

US revises growth forecast

Continued from Page 1

Lower than expected GNP, personal income and corporate profits would reduce tax receipts by $11.9bn in fiscal 1986 and $19.2bn in fiscal 1987, the OMB said. In addition, the fall in oil prices had elimated windfall profit tax receipts.

Apart from the sharp increase in this year's deficit, however, the OMB said that deficits in the following years should not be greatly different from February's forecasts..

The latest estimates for the years ahead showed the deficit at $97.5bn in fiscal 1988, $61.1bn in fiscal 1989, $23bn in fiscal 1990, ending with a small $7.4bn surplus in fiscal 1991 – the year in which the deficit is meant to be eliminated

Oil prices fall back

Continued from Page 1

gy Agency suggested that excluding stock changes demand for Opec crude would be about 18.5m b/d for the rest of the year, significantly above the output ceiling agreed by Opec this week.

However influential sources within Opec suggest that the volume of Gulf crude entering the market in August could be even higher than in July.

Despite the surplus on the market, it is expected that most customers will want to fulfil their contractual commitments in anticipation of higher prices in the autumn. The Saudi Ministry of Oil has also given notice that from September it will cease offering discounts

JOBS

Worsening outlook for footloose executives

BY MICHAEL DIXON

AMBITIOUS readers with itchy feet had better be warned—at least if their thoughts are on a new job in the United Kingdom.

Opportunities for managers and higher-ranked specialists are becoming fewer and farther between. And to judge by the cyclical trends in the UK executive jobs market which the Hay-MSL consultancy has been tracking since 1959, demand is likely to go on dropping until the next general election or beyond.

How the market has changed is shown by the accompanying table. It lists the numbers of relevant vacancies advertised in leading journals in each 12-monthly period from July 1 to June 30 since the summer of 1981. The table is compiled from Hay-MSL's three-monthly counts of such advertisements, the latest of which—for April-June 1986—is published this morning.

UK ADVERTISED DEMAND FOR MANAGERS AND KEY SPECIALIST STAFF
(12 months to June 30)

	1985-86		1984-85		1983-84		1982-83		1981-82	
	Posts advertised	Share of total %	Posts advertised	Share of total %	Posts advertised	Share of total %	Posts advertised	Share of total %	Posts advertised	Share of total %
R & D	5,082	14.5	7,334	18.0	7,315	19.6	6,435	20.9	3,525	16.3
Marketing	6,177	17.6	6,631	16.3	6,811	18.3	6,290	20.5	4,444	20.6
Production	5,639	16.1	7,230	17.8	6,533	17.5	5,036	16.4	3,583	16.6
Accounting	6,364	18.2	6,561	16.1	5,750	15.4	4,986	16.2	4,017	18.6
Computing	3,909	11.1	4,178	10.3	3,632	9.7	2,595	8.4	1,524	7.0
General Mgt.	1,267	3.6	1,285	3.1	1,324	3.6	1,255	4.1	1,018	4.7
Personnel	887	2.5	1,046	2.6	978	2.6	826	2.7	513	2.4
Others	5,754	16.4	6,424	15.8	4,974	13.3	3.307	10.8	2,982	13.8
Total	35,079	100,0	40,689	100.0	37,317	100.0	30,730	100.0	21,606	100.0
July-Dec.	18,103	51.6	18,653	45.8	16,646	44.6	13,290	43.2	9,399	43.5
Jan.-June	16,976	48.4	22,036	54.2	20,671	55.4	17,440	56.8	12,207	56.5

The most graphic indicator of the downturn in demand lies in the table's bottom two lines. The upper one shows how many of each 12-month period's advertisements appeared in the last half of the calendar year from July 1 through December. The lowest line shows how many appeared in the first six months of the following year.

In every one of the four periods from 1981-82 to 1984-85, the January-June half of the calendar year accounted for more than half of the annual demand. Over the latest 12 months, however, that pattern has suddenly been reversed.

Another ominous sign lies in the top two of the eight job categories listed higher in the table. The two are research, design and development posts and marketing and sales jobs where rises and falls in recruitment are widely viewed as lead indicators of booms and lapses in industrial activity. Both categories were worse off for demand in 1985-86 than they had been since 1981-82.

Anxiety on that score is reinforced by a further finding by Hay-MSL which is not outlined by the table. The consultancy has lately kept check of jobs advertising by four sectors of industry. They are energy-related businesses such as oil, high technology, food, drink and tobacco, and retailing.

In their case the information available does not allow me to make comparisons for whole 12-month periods. All I can do is to compare the four industries' advertised demand in the first half of this year with their demand during January-June 1985.

For the energy-related companies the number of jobs advertised was down by 56 per cent to 1,011, and for high technology businesses it was 53 per cent lower at 1,478. Food, drink and tobacco did less badly with a drop of 19 per cent to 509. But good old retailing was nearly 6 per cent up at 604.

Among the job categories listed in the table apart from R and D and sales and marketing, four were worse off for demand in the latest 12 months than they had been since 1982-83. Those four are production, personnel, general management, and computing even though its 11.1 per cent share of the total in 1985-86 was the biggest share computing jobs have yet taken.

Two further categories remained better off than in any recent period except soaring 1984-85. One was "others," which includes buyers, economists, internal consultants and company (as distinct from barrack-room) lawyers. The second was finance and accounting staff for whom the demand was not much lower than it had been in the pervious 12 months.

The reason for that, Hay-MSL says, is continued recruitment by City of London concerns in advance of the big bang in October. Which raises the question of what will occur to the market for finance people once the debris has settled.

Most voices in the City seem to be predicting that many of today's golden lads and lasses will bite the dust when companies which have staffed themselves to invade numerous new territories find they lack the power to survive in some. But the Jobs Column is chancing no forecasts.

Experience suggests that being in the City teaches you no more of the future than the 14th-century philosopher William of Ockham believed you can know from the study of God: namely, that you are here and anything may happen.

Multi-skilled

THE THING that headhunter Richard Roberts wants to happen today is that at least one reader will be an expert in cost estimation and control, qualified in civil engineering or quantity surveying, Arabic-speaking, and minded to go to North Yemen to help to develop its economic planning systems. As well as devising and installing appropriate techniques for assessing and governing the costs of publicly financed projects, the recruit will be expected to train local staff in the same crafts.

The employer is an international agency which Mr Roberts may not name. So he, like the other recruiter to be mentioned next, promises confidential treatment to applicants requesting it.

Tax-free salary at least £40,000 plus full expatriate perks.

Inquiries to Richard Roberts at ARA International, 17-19, Maddox Street, London, W1R 0EY; telephone 01-629 2356, telex 261254 Edman G.

Bank audit

SOMEONE thoroughly understanding both auditing and computer systems, and skilled in lateral thinking as well as the straight up and down sort, is wanted by David Mason Johns of the KPG consultancy. The employer is an overseas-owned investment bank in London which is computerising comprehensively.

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Inquiries to Mr Mason Johns at Cobden House, Park Lane, Richmond, Surrey TW9 2RA; tel: 01-948 5922, telex 418325.

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The Securities Division of Michael Page City, a leader in the area of investment recruitment, is currently acting on behalf of a large number of City-based securities houses.

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If you are looking for a career move or simply wish to be kept informed of market developments, please contact **Andrew Stewart** at Michael Page City, 39/41 Parker Street, London WC2B 5LH or telephone **01-404 5751**. All replies will be treated in the strictest confidence.

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London EC4A 3HT

ACTUARIAL STUDENTS
Have you got what it takes?

American Life, a wholly owned subsidiary of American International Group, is embarking upon a period of unprecedented growth in the U.K. and needs the support of key individuals in its Actuarial Department in Croydon.

We are looking for actuarial students to concentrate on the systems development work required to support the Department during the next phase of company expansion.

The ideal candidates will have experience of an I.B.M. environment, both mainframe and micro, and will enjoy working as part of a small team.

Salary will be commensurate with age, experience and progress with the examinations. The overall package will be attractive to the right candidates and include relocation where appropriate.

If you are looking for increased responsibility and the opportunity to play a significant role in the actuarial management of the company, call:

Robert Hall on 01-680 7181

for an exploratory discussion. Alternatively, you can write to the address below. All enquiries will be treated in strictest confidence.

Robert E G Hall
Assistant Vice President & Actuary,

AMERICAN LIFE

American International Building,
2-8 Altyre Road, Croydon, Surrey CR9 2LG.

Leading ERISA Company

Fund Management/ Fundamental Analysis

Europe and U.K.

Our Clients, who are a well-established and rapidly growing ERISA company and part of a major British merchant banking and investment group, seek an experienced Fund Manager/Analyst with a sound grounding in fundamental research.

Whilst the major emphasis of the job will be on the investment management of international portfolios, the man or woman appointed will also be responsible for client presentations, mostly in a reporting role, and conducting incisive European and U.K. investment research into both individual companies and markets.

Candidates should ideally be educated to degree level, numerate and have had a minimum of 3 years European or U.K. investment analysis experience.

The company offers a competitive, negotiable salary and excellent benefits.

Please reply in confidence quoting reference 749 to Caroline Magnus, Overton Shirley and Barry, Prince Rupert House, 64 Queen Street, London EC4R 1AD. Tel: 01-248 0355.

Overton Shirley & Barry
INTERNATIONAL SEARCH AND SELECTION CONSULTANTS

Professional Associate

Corporate Finance City

Our client is a new company formed to provide a high-quality and totally objective corporate advisory service, particularly to large and medium sized companies and with an emphasis on corporate planning and merger and acquisition advice. The company is well capitalised with shareholders from North America and Australia in addition to the UK.

This appointment thus represents an arguably unique opportunity to play a leading role in the development of a small, specialist organisation dedicated to the very highest standards of professional excellence, integrity and confidentiality entirely free from conflicts of interest.

The person we seek, probably professionally qualified or a business graduate in his/her late 20's to late 30's, will above all have exceptional technical corporate finance skills, developed in merchant banking or perhaps in a major professional firm, together with significant experience in this area. Personal qualities suited to the development of high-level client relationships are, of course, also essential.

A generous remuneration package will include share options and is negotiable to a level likely to interest an Assistant Director or Manager in the corporate finance department of a leading British house. Please apply in strictest confidence, quoting ref: 245/8/FT, to T. C. Walker, Managing Director, Charles Barker MSI, 30 Farringdon Street, London EC4A 4EA. Tel: 01-634 1141.

CHARLES BARKER
SELECTION·SEARCH·ADVERTISING

Ambitious Graduates

Outstanding career opportunities

Phillips & Drew is one of the City's leading stockbrokers and is part of the Union Bank of Switzerland, which is the largest Swiss bank.

Due to our continued expansion, we need more graduates to help us service our clients' growing needs. We offer good training in today's sophisticated markets, and excellent prospects for those with the ability and initiative to develop themselves in a continually changing and increasingly challenging environment. We offer entry opportunities in most areas of our business, including fund management and international private client management.

If you have the desire to be successful in finance, and you are numerate and can communicate effectively, come and convince us of your ability at an interview.

We will reward your success with an excellent compensation package, including a bonus and mortgage subsidy.

Please send a full curriculum vitae to:

Sally Walkley
Personnel Department
Phillips & Drew
120 Moorgate, London EC2M 6XP

Private Client Managers

London and Regional Offices

A major U.K. Stockbroker with well established substantial Private Client business, both through London and a network of regional offices, is seeking to expand upon their current base.

This offers an opportunity for regional offices to retain their own identity, where appropriate, and gain the security, advantageous marketing and systems support of a major force in the market.

We also invite approaches from individuals with private client experience looking to move to a regional office or those with attached business to be located in London.

Please contact Anthony Innes or Emma Weir who will treat all enquiries in confidence.

Stephens Associates
International Recruitment Consultants
44 Carter Lane, London EC4V 5BX. 01-236 7307
Representative Associates New York & Tokyo

HS

ASSISTANT MANAGER
BIRMINGHAM

Hill Samuel & Co. Limited, one of the country's leading Merchant Banks, is looking for an Assistant Manager for its Retail Banking Hall in Birmingham.

Suitable candidates will be aged 25-32 and will be qualified AIB with several years' experience within a clearing bank. The successful candidate will be responsible for maintaining and developing all administrative aspects of the bank's existing client portfolio.

In addition to a competitive salary we offer excellent fringe benefits including profit sharing, subsidised mortgage and loan schemes, non-contributory pension, free life assurance and BUPA and luncheon vouchers.

Please send full details in strictest confidence to:

Mrs Anne Dunford, Senior Personnel Officer,
Hill Samuel & Co. Limited,
100 Wood Street, London EC2P 2AJ.

HILL SAMUEL & CO LIMITED

Murray & Co. Stockbrokers Ltd. Birmingham

Murray & Co. and seven other leading provincial stockbrokers have recently joined forces with the backing of James Capel and Co. and PosTel to form Allied Provincial Securities, the most powerful regional stockbroking and financial services group in the UK.

Against this strong background, Murray & Co. are seeking to expand their team in Birmingham in two important areas.

★ In order to provide a more extensive **research coverage in the engineering and manufacturing sectors**, they seek an additional analyst to join their established team. Candidates should have a proven track record in research, with the ability to visit and interview top management and, ideally, experience in talking to Institutional clients.

★ A **corporate assistant** is required for their growing corporate department. He or she should have had initial experience in either accountancy or commercial law, although further corporate training will be available. Excellent prospects exist for the right applicant who wishes to develop a career in corporate work.

Suitable candidates are likely to be aged between 23 and 35. The ability to communicate well at all levels is essential.

Salary will be commensurate with age and experience. In the first instance please contact **Nick Root** or **Lindsay Sugden** on 01-404 5751 or write to them at the Securities Division, 39/41 Parker Street, London WC2B 5LH. Strictest confidentiality assured.

MP
Michael Page City
International Recruitment Consultants - London Brussels NewYork Paris Sydney
A member of Addison Consultancy Group PLC

Managing Director (Designate)

Personal Financial Planning — **City c£40,000**

Our client, is one of the leading international firms of chartered accountants.

They are in the process of establishing a financial services company to provide investment *related advice to middle* and *senior level executives* within their corporate clients and to their personal tax clients in general.

This appointment will provide you with the unique opportunity to be a major influence right at the forefront of the financial services revolution with the scope to apply your conceptual and innovative abilities to the full.

Probably in your late 30's or early 40's you must be able to prove a successful track record of managing and developing a personal financial planning function within a professional environment, providing the strategic input whilst leading from the front.

Obviously you must be particularly well versed in all aspects of financial planning and be able to *demonstrate* a thorough understanding of the correct application of investment products available to the individual having due regard for tax considerations.

The terms and conditions of employment are excellent as is the benefits package which will include an appropriate car and a performance related bonus.

To apply, please telephone or write in the strictest confidence quoting reference 9958 to Robin Rowe.

Lloyd Chapman Associates
International Search and Selection
160 New Bond Street, London W1Y 0HR.
Telephone: 01-499 7761

Chief Executive

Business and Innovation Centre

£30,000 + car

Our client, a Metropolitan Borough Council in a Government Assisted Area, is setting up a Business and Innovation Centre (BIC). The BIC is being established under the European Business and Innovation Centre Network (EBN), whose aims are to direct and encourage new enterprises which conform to stringent criteria, especially those which exploit new technologies. A BIC provides access to funding from the EEC, government and private investors, provides expert help in business planning and management techniques, and offers shared training facilities and premises.

The BIC requires a Director to co-ordinate its activities, to pursue all possible avenues of finance, to promote and encourage the success of innovative enterprises, and maintain effective high level contact with public and private sponsors. In particular, the Director will be responsible for developing the BIC's own five year plan, ensuring results meet objectives, and that budgets are maintained. Frequent travel to London and EEC centres will be a necessary part of this vital role.

Candidates should be university or business school graduates, who can show general management and financial skills preferably in an expanding business sector and can demonstrate major successes in directing profitable enterprises. A keen appreciation of modern manufacturing and computer technology is needed and candidates must have well-developed inter-personal skills in order to relate effectively with senior decision-makers in government and financial institutions. Determination, integrity, persuasiveness and diplomacy need to be applied with realism and practicality. It is unlikely those under the age of 40 will have the maturity and track record for this demanding post.

Salary is negotiable in the region of £30,000 p.a., plus executive quality car, and relocation assistance to this attractive part of South Yorkshire will be provided if necessary.

Please reply in writing, with full career, personal and salary details, quoting Ref. 135 to Derran Sewell, as adviser to the Metropolitan Borough Council.
Arthur Young Management Consultants, Commercial Union House, Albert Square, Manchester M2 6LP.

Arthur Young Executive Selection
A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Spot Foreign Exchange Dealers

£ Negotiable

Our client, one of the leading UK banks, is expanding its Foreign Exchange Dealing Team and is seeking to *recruit two experienced spot interbank dealers.*

Candidates, probably in their mid twenties, will be working for an established bank and have at least two years' foreign exchange dealing experience, some of which will have been gained trading one of the major currencies.

This is an excellent opportunity to join a growing, highly professional and successful trading team. A competitive remuneration package, including attractive bonus potential, is available to those with the necessary skills and experience.

Applicants should contact **John Green** on 01-404 5751 or write to him, enclosing a comprehensive curriculum vitae, at Michael Page City, 39-41 Parker Street, London WC2B 5LH, quoting reference 3666.

MP
Michael Page City
International Recruitment Consultants - London Brussels NewYork Paris Sydney
A member of Addison Consultancy Group PLC

Deputy Managing Director

London Based

An experienced Shipping Executive with a strong financial background or a senior Shipping Banker is required for the London-based advisory company of a substantial and growing offshore shipping investment fund supported by institutional and private investors.

Reporting to the Managing Director the successful applicant would be generally responsible for all management aspects of the company and especially for its financial affairs as well as developing a wider support among institutional and private investors.

Ideally aged 30-40 years, the successful applicant must have shipping and banking experience, a marketing bias, investor contacts, mostly in northern Europe, management skills and an innovative entrepreneurial approach.

A competitive, performance-orientated compensation package is envisaged for the right applicant.

Letters of application, with all relevant data, should be sent to:
Box A0235, Financial Times, 10 Cannon Street
London EC4P 4BY
and will be treated in strict confidence.

Director

(Broking/Fund Management)

East Midlands — **Package c£30K**

Our client is a leading firm of UK stockbrokers backed by a major international bank. It seeks an exceptional individual to lead and direct one of its principal and most rapidly expanding out of London offices. The rewards package is negotiable.

Whilst the major emphasis of the job will be the overall supervision of client portfolios, the appointee will expect to manage very substantial funds on behalf of clients, both private and institutional. Other responsibilities include office administration, work allocation and control of all technical and support staff.

Candidates should demonstrate a record of achievement to date, either in broking or fund management, and are unlikely to be aged below 30. This is a key post and reflects a major strategic investment by the firm. Ref. 608/FT.

Private Client Manager

c£12K plus benefits

As part of the Midlands team we also seek a junior fund manager with experience assisting on the private clients' side. Independence, imagination and developed intellectual skills are essential qualities as are sound powers of communication. Career opportunities are almost unlimited. Ref. 609/FT.

For full job description write in confidence to Mark Lockett at Mark Lockett Recruitment, 104 Marylebone Lane, London W1M 5FU quoting the appropriate reference and showing clearly how you meet our client's requirements. Both men and women may apply.

MLR
in association with
John Courtis and Partners

Assistant Manager —Treasury

Export Finance Services

WILTSHIRE

Salary: c £15,000

From a strong position in which it supports British exporters in over forty industries EXFINCO continues to expand and now seeks an assistant to the Treasury Manager.

Responsibilities will include foreign currency and money market dealing, as an important part of the EXFINCO service is the provision of foreign exchange protection. Candidates will preferably be experienced in dealing within a corporate or banking environment, and ideally under 30 years of age.

The company offers excellent prospects and salary will depend on experience. There is a non-contributory pension scheme, together with free life assurance and private health insurance. Relocation assistance will be provided if appropriate.

Applications, enclosing a detailed CV will be treated in the strictest confidence, and should be addressed to Mr. J. W. Adams, Company Secretary, The Export Finance Company Limited, Exfinco House, Sanford Street, Swindon, Wiltshire SN1 1QQ.

THE EXPORT FINANCE COMPANY LIMITED.
EXFINCO

STOCKBROKING — HEAD OF EUROPEAN RESEARCH

CITY OF LONDON

Our client, a leading firm of UK Stockbrokers, is seeking an analyst with extensive experience of continental equity markets. The firm already has an established and well regarded UK research product and has taken a policy decision to expand its coverage in European companies. The successful candidate will be required to head a team which will provide:-

- the geographic overview for the main continental markets
- the analytical and linguistic support necessary to transfer existing UK specialisations into the new markets
- specialist studies of individual companies
- an overall investment strategy

Candidates are unlikely to be aged below 30 and, apart from possessing the necessary research ability, must be able to communicate effectively. Remuneration will be substantial for the right person.

Please telephone for further information or send a comprehensive career résumé, including salary history and day-time telephone number, quoting ref: 2691 to G. J. Perkins, Executive Selection Division.

Touche Ross
The Business Partners
Hill House, 1 Little New Street, London EC4A 3TR. Telephone: 01-353 8011.

Strategic Systems Planners

City — **£ Neg**

Merrill Lynch is one of the most successful participants in the financial market worldwide.

As part of our strategy we are planning systems that will keep Merrill Lynch at the forefront of its market place. We are therefore seeking individuals to work in the Strategic Systems Planning Department.

Candidates should have experience in one or more of the following areas:

- ☐ Securities Operations.
- ☐ Strategic Systems Planning.
- ☐ Organisation and Method.
- ☐ Auditing of Financial Services organisations.

Applicants should apply in writing, including a comprehensive curriculum vitae, to:

Barbara Jenkins Senior Recruitment Officer, Merrill Lynch Europe Limited, 27 Finsbury Square, London EC2A 1AQ.

Merrill Lynch

Hoggett Bowers

Executive Search and Selection Consultants

Corporate Finance — £Neg.

Well established and highly regarded Stockbroking company seeks an expert to head up its very active Corporate Finance department. Applicants should be qualified Accountants and/or lawyers with good managerial skills, currently working in a similar role.

Eurobond Sales — £Neg.

Following expansion within the Sales and Trading area of this leading city bank, our client seeks experienced bond sales people who have already made a name in the market.

Financial Futures Trader — £25,000

Established European Bank wishes to recruit a dealer with at least 2 years experience of FRA's, CD's and other money market instruments.

Settlements Manager — £25,000

Prominent American Investment House seeks a Settlements Manager with experience of foreign currency equities, bonds and CD's. Reporting to the Director of Finance, this is a very responsible position in a rapidly expanding division of this bank.

Financial Accountant — c. £18,000

"Top Ten" International Bank requires a recently qualified ACA to take responsibility for its reporting and corporate taxation returns. The appointee must have strong management potential.

Credit Analyst — £15,000

On behalf of our client, a top city name, we would like to meet Credit Analysts with sound experience ideally gained from within a US institution. The position is an extremely challenging one and duties will cover all aspects of research, analysis and reporting to the credit committee.

01-588 4305/6 *Moorgate Hall, 153/157 Moorgate,* LONDON *EC2M 6XB.*

We are changing things in Kent

Corporate Support Officer (European Adviser) £18,279 to £20,127

A principal function of the newly established Chief Executive's Corporate Support Unit will be to explore and optimise the benefits to Kent of Britain's membership of the EEC.

The Corporate Support Officer (European Adviser) will develop the information systems and contact network necessary to advance Kent's interests in the EEC. This will include advising on lobbying the EEC Commission and UK Government to generate and maximise opportunities for Kent, and will involve liaison with MEP's and the business community in Kent.

The postholder will ensure awareness within the County Council and Kent generally of EEC opportunities and will co-ordinate and initiate proposals for EEC funding.

The postholder will also have the opportunity to participate in the wider functions of the Corporate Support Unit.

Applicants will need to have extensive knowledge of the European Commission, its structure, functions and grant regimes as well as the ability to integrate successfully at all levels. Degree standard education, and numeracy are required, and ideally a working knowledge of at least one other major European language.

Additional benefits include:—
- Relocation package
- Leased car scheme
- Private medical insurance scheme
- Assisted house purchase

If this opportunity excites your interest, please send for full details and an application form to the Personnel Officer, County Secretary and Solicitor's Department, County Hall, Maidstone, Kent. ME14 1XQ.
Telephone: Maidstone 671411 Ext. 3305
Reference No. C/OS 1/996.
Closing Date: 29 August 1986.

Kent County Council

Recruitment Consultant
COMPUTER STAFF
Neg. Salary + car
Based London

If you are aged 25-35 and posess a proven track record of computer orientated account management in a creative agency plus experience of selling computer hardware with a major International at senior level then our client can offer you an outstanding opportunity to combine these disciplines as a Recruitment Consultant. They are a leading International organisation providing high quality permanent and contract recruitment services to major D.P. Environments. Their strong sales orientation, highly original, creative campaigns and enormous energy have made them industry leaders.

This extremely demanding position involves the development of new business and long term account management through the complete design and implementation of major recruitment campaigns.

You will be rewarded by a basic salary (£8K), open ended commission, car and excellent prospects in this rapidly developing company.

For a confidential discussion,
telephone 01-439 0591
quoting reference 7/814
IMPLEMENT RECRUITMENT
189 Regent Street, London W1

HEAD OF CREDIT
INTERNATIONAL INVESTMENT BANK

Credit Suisse First Boston, one of the world's most successful investment banks in terms of both primary and secondary market operations, are looking to recruit a Head of Credit.

The department is currently responsible for developing credit policies, performing financial analyses of the firm's international client base, establishing and monitoring adherence to trading limits for all the products in which CSFB trades, and commenting on the structure of proposed transactions.

Considerable expansion in the scope of the department's functions is envisaged and the successful candidate will have the skills necessary to recruit and train the additional personnel, and develop computer systems capable of monitoring CSFB's growth.

To be successful in this challenging role, you are likely to have a strong analytical background, be capable of evaluating the credit quality of Banks, Corporates and Utilities, and have a sound appreciation of the risks inherent in trading Euromarket Securities. The position involves a high degree of intrabank liaison so that it is essential that you have well developed management and communication skills and the strength of character necessary to manage the diverse activities of the department and to quickly gain the respect of senior management and staff.

The salary and benefits package offered will reflect the importance that the Bank attaches to this position.

Please send full c.v. to: Mr. R.B. Smith, Credit Suisse First Boston Ltd, 22 Bishopsgate, London EC2.

CSFB

FOREX DEALER TO DO MORE THAN DEAL
c. £30,000 + substantial benefits

Our client is a leading European Bank with a small but nevertheless well established and highly respected London presence. An opportunity has arisen for a young Dealer (probably mid to late 20's but you may convince us otherwise) to work closely with the Treasury Manager in developing the Bank's role in the Foreign Exchange Market. Whilst it is essential that you have had a thorough grounding in a rigorous day to day trading operation, with exposure to more than one currency, this is a position which will require much more; strategic planning ability, creativity and an imaginative approach will be paramount in a role which will provide the kind of stimulus not necessarily available in a hyperactive Spot dealing environment. The salary/benefits package has been designed to attract a quality candidate – the financial aspect will therefore be as satisfying as the work itself.

To talk about this opportunity or to arrange an exploratory meeting in our City offices, please ring Malcolm Lawson on 01-493 5788 during the working day or 0444 73216 in the evening. Alternatively, send us your full career details.

13/14 Hanover Street, London W1R 9HG.
City Search & Selection

Stockbroking Devon & Cornwall
Westlake & Co
Part of
Allied Provincial Securities Limited
Members & non Members required

We require Members and Non Members experienced in Private Client Portfolio Management to service our existing clients and to facilitate the expansion of our business throughout the region.

We can offer TOPIC, Direct Dealing Lines and access to first class Research. Our in-house Computer provides Portfolio Valuations and a Capital Gains Tax service as well as normal Contract and Accounting functions.

Interviews can take place in either London or Plymouth.

Please write initially in confidence to:

M.C. Bannisty
Westlake & Co
Princess House
Eastlake Walk
Plymouth
Devon PL1 1HG
Tel: (0752) 220971

Westlake & Co (Stockbrokers) Ltd
Member of the Stock Exchange

SCOTTISH BUS — **Caledonian MacBrayne**

SCOTTISH TRANSPORT GROUP
Commercial and Planning Executive

Formed under the Transport Act, 1968, the Scottish Transport Group is one of Scotland's largest employers, operating urban, inter-city and rural bus services through the Scottish Bus Group and its twelve operating subsidiaries, together with extensive national and international coach services, the main sea ferry services in the Clyde and Western Isles through Caledonian MacBrayne Ltd. and associated interests in travel, insurance, transport marketing and advertising.

In response to the challenge of the 1990's, this new appointment has been created to address future issues facing the Group and to pull together the commercial, corporate planning, investment and business development functions of an undertaking with annual revenues approaching £200m. The Executive will sit on the Boards of the Group's main subsidiaries.

Candidates, aged at least 35, must have wide business experience in a competitive and commercial environment. A generous salary, company car and other conditions associated with a large progressive corporation will be offered.

Please write — in confidence — to W.J.O. Michie. Reference B/32781.

This appointment is open to men and women.

HAY-MSL Selection & Advertising Limited
39 St. Vincent Place, Glasgow G1 2ER
Offices in Europe, the Americas, Australasia and Asia Pacific.

HAY-MSL
MANAGEMENT SELECTION

BICC plc
GROUP TREASURY
BICC

BICC, the major cables, construction and components group, has two vacancies at their Head Office in Central London.

Treasury Analyst
A graduate with an appropriate financial qualification who has already worked in treasury management for one or two years and is looking for a career move.

The successful applicant will be involved in international money markets, formulation and execution of currency management strategies and further development of reporting and control systems.

Further training will be given and there is real scope for increasing responsibilities and gaining experience in all aspects of corporate treasury work.

Treasury Assistant
An experienced treasury assistant whose job will include dealing in money and foreign exchange markets, managing cash positions and administration in a computerised environment.

Training will be given and there is opportunity for personal development.

Attractive salary packages will be offered commensurate with experience and responsibilities.

Please write in confidence enclosing a detailed CV to:
Stuart Siddall, Assistant Treasurer,
BICC plc, Devonshire House,
Mayfair Place, London W1X 5FH.

INSTITUTIONAL SALES
NEW YORK — LONDON

In order to further enhance their sales activities, two major stockbrokers are seeking experienced salespeople to:-

- Sell UK & European Equities to US Institutions.
- Sell US Stocks to UK & European clients.

The ideal candidate for the NEW YORK based position, will be a US national, or green card holder, with first class institutional connections.

Terms and conditions will be negotiable according to the abilities of the individuals from c£50,000.

APPLICATIONS IN CONFIDENCE TO:
ELIZABETH MacLEOD

Roger Parker Organisation
65, London Wall
London EC2 5TU
01 – 588 2580

Develop Your Role In UK Corporate Banking

A major foreign bank with offices worldwide providing the full complement of financial services, now intends to expand its highly successful UK corporate banking team.

Responsible for promoting, processing and administering the Bank's lending activities, you will liaise closely with major UK corporates to identify and fulfil their requirements. Marketing, credit analysis and the ability to foster client relationships are essential skills for this challenging position.

A graduate, possibly in Law or Economics, from a leading university, with preferably 1-3 years' basic commercial banking experience, you are now ready to take a progressive career step to consolidate and develop your existing skills. Hard working and self-motivated, you will thrive on a varied and demanding workload, performing to tight deadlines whilst maintaining high standards.

An attractive basic salary plus excellent banking benefits are offered to the successful applicant. To apply please write enclosing CV to: Susan Ryder of Cripps, Sears & Associates Limited, International Buildings, 71 Kingsway, London WC2B 6ST. Tel. No. 01-404 5701.

Cripps, Sears

BANKING OPPORTUNITIES

If you are earning in excess of £15,000 in the City, write or telephone for an informal discussion about your next career move.
Please contact:-
Susan Milford, Manager
Financial Appointments

- INSTITUTIONAL SALES
- UK OVERSEAS MARKETING
- CAPITAL MARKETS
- INVESTMENT ANALYSIS
- BANK ANALYSIS
- CORPORATE CREDIT ANALYSIS

Management Personnel
Recruitment Selection & Search
10 Finsbury Square, London EC2A 1AD
Telephone: 01 256 5041 (out of hours 0306 880012)

for City openings in
Data Processing
Telephone 01-626 7295
grafton
RECRUITMENT
131 Middlesex Street, Bishopsgate, London E1 7JF

Appointments Wanted

MARKETING Executive
Position Required

Successful, young marketing director from the microcomputer industry looking for new challenge. North West or North Wales location preferred. Tel. (0244) 317263.

EXECUTIVE AVAILABLE
... LONDON ...

Experienced barrister/businessman, 46, invites offers for employment or directorship. Background corporate finance and marketing. Fluent linguist, free to travel.

Write Box A0234,
Financial Times, 10 Cannon St
London EC4P 4BY

Top Executives
earning over £25,000 a year

Can you afford to waste over £2,000 a month in delay? Minster Executive specialises in solving the career problems of top executives. The Minster programme, tailored to your individual needs and managed by two or more partners, is your most effective route to those better offers, 75% of which are never advertised.

Our clients have an impressive record of success; many blue chip companies retain our services in the redeployment of their top people.

Telephone or write for a preliminary discussion without obligation—or cost.

MINSTER EXECUTIVE LTD
28 Bolton Street, London W1Y 8HB. Tel: 01-493 1309 / 1085

Jonathan Wren

FOREIGN EXCHANGE DEALERS
£25,000 to £35,000 neg

A substantial European bank, having achieved substantial growth in its world wide business relationships, wishes to expand its dealing room activities in a variety of specialist areas including ECU (FX) trading, corporate and treasury dealing. Applicants must have at least 4 years previous relevant banking experience, contacts and potential.

CORPORATE DEALER / TREASURY SALES
c£25,000

A prime US bank, currently seeks a graduate banker with at least 2/3 years experience of treasury sales/marketing, or major corporate account dealing, gained with a major player in the market. Candidates will have in-depth knowledge and contacts at senior level and be aged 25 to 28 years.

FX & £ DEALERS
£neg

The recently established London branch of a major European bank is currently seeking additional dealers to strengthen their presence in the foreign exchange and sterling money markets. The bank is also intent on increasing its level of diversification into other financial markets.

These positions will certainly be of interest to established dealers with a wide market exposure who would enjoy the opportunity to build further on that experience.

GRADUATE BUSINESS ANALYST
£15,000 to £18,000 neg

A prestigious American bank seeks a business analyst to work in the bank's Treasury Division. Applicants will currently be involved in an economics or business analyst function within a banking environment. Experience of treasury related products would be preferable.

For the above vacancies please contact David Williams or Norma Given.

All applications will be treated in strict confidence.

SYDNEY — HONG KONG

Jonathan Wren
Recruitment Consultants
170 Bishopsgate, London EC2M 4LX. Tel: 01-623 1266

Stockbroking

Head of Research
Head of Private Client Sales

Excellent Salaries
+ bonus + banking benefits
City

As an innovator in new market developments, this leading Merchant Bank is now committed to building a new organisation to provide a high quality stockbroking service to private clients.

This cannot be achieved without strong leadership. Therefore two key positions have been identified to help create this stockbroking operation from inception, ensuring its design and development meet the needs of private clients.

Head of Research
To fulfil this role, considerable expertise is required in equity research, plus macro, sector and detailed company analyses. You must also have leadership and managerial qualities and display imagination in the presentation of output.

Head of Private Client Sales
This role calls for an experienced private client salesperson or portfolio manager. Supported by a team of investment analysts, you will provide advice for the creation of new portfolios and also conduct portfolio evaluation and strategic analysis.

The challenge that these posts offer will be matched by highly competitive remuneration bonus and benefits, *reflecting our client's commitment towards the success of this new operation. Compensation will not be a limiting* factor for the right candidates.

As advisers to our client, we will fully respect the confidentiality of any initial approach from those interested in discussing this further. Alternatively please send a full CV quoting reference MCS/6092 to Alannah Hunt, Executive Selection Division, Price Waterhouse, Management Consultants, No. 1 London Bridge, London SE1 9QL.

Price Waterhouse

COMMODITY INSURANCE EXECUTIVE

Experienced marketing executive required to manage London marketing offices of reputable Swiss investment and insurance company which has substantial funds under management and manages a highly successful Traded Options Fund.

Preferably German/French speaking with experience in marketing insurance related investments and managed funds to European investors. Attractive financial package offered to suitable applicant.

Telephone or write to:

Rawal & Arkell, Accountants
Box 4, 84 Wardour Street
London W1
Tel: 01-437 2052

Financial Futures Dealer

Morgan Grenfell Securities Holdings is a major Company within the Morgan Grenfell Group committed to the domestic and international equity markets, gilt edged, traded options, eurobonds and financial futures.

We are looking for a young experienced Financial Futures Dealer to join our expanding Money Market operation. He or she will run an active trading book in the Short Sterling Contract and assist in the development of our capabilities in the F.R.A. market. Applicants should be able to demonstrate a thorough understanding of LIFFE and the domestic money markets.

The attractive remuneration package offered reflects the significant responsibilities attached to this position.

Please write giving full details of career to date to:-

Mark Heyes
Morgan Grenfell Group plc
23 Great Winchester Street
London EC2P 2AX

MORGAN GRENFELL

FINANCIAL FUTURES TRADER — Sal: £25,000
An experienced Financial Futures Trader (minimum 2 years) is required by a leading European Bank. Candidates should also have comprehensive experience of FRA's, Loans, Deposits and C.D.'s.

SPOT DEALER — Sal: £25, - 30,000
A Spot Dealer with a minimum of 3 years' experience in major currencies is required for a leading International Trading Bank.

STERLING T. BILL/C.D. TRADERS — Sal: Neg.
Prestigious UK Stockbroker is seeking to expand its money market activities. Candidates should have experience of trading cash money market instruments gained in an International Banking environment. Considerable autonomy will be given to develop a profitable trading operation.

US EQUITIES TRADER — Sal: £25,000
An International Investment Group seeks a US Equities Trader with a minimum of 2 years' experience to assist in the expansion of its London Equity Dealing operation.

Please telephone Catherine Virr on 01-621 1942 or write to her at 18 Rood Lane, London, EC3M 8AP.
All enquiries will be treated with strict confidentiality.

BRUNNEL BANKING APPOINTMENTS

SALES EXECUTIVE

required for recently established Financial Information Service Company where product is used by major City institutions. Applicants should preferably have experience in this area. Remuneration will be by way of salary and commission, with free life assurance, pension scheme, medical insurance and a company car.

Please send full curriculum vitae to Box A0293 Financial Times, 10 Cannon Street, London EC4P 4BY

OFFICE ADMINISTRATOR FOR CITY BANK

We are seeking an Office Administrator whose experience has embraced building maintenance and security, the installation and maintenance of computer and communication equipment, and stationery and office supplies. A competitive salary and good fringe benefits will be offered.

Please write, with cv, to:

Paula Massing
WESTDEUTSCHE LANDESBANK GIROZENTRALE
41 Moorgate, London EC2R 6AE.

CORPORATE FINANCE EXECUTIVE

Mining — London

Our client is the City headquarters of an international financial advisory group with considerable mining interests.

Owing to continued growth of the business, an exceptional opportunity has arisen for a person to undertake a broad-ranging corporate finance role. Responsibilities will include the leading of investigations, acquisitions and feasibility studies, liaising with stockbrokers and banks and the preparation of corporate plans. The person will need to liaise with all companies within the Group which includes two fully-listed public companies in North America. The environment is fast-moving and the work demanding.

The ideal person will be a science graduate with an MBA, and have considerable experience of mining gained in an international bank, a firm of stockbrokers or similar institution. Corporate finance experience is essential. The preferred age range is 30 to 35.

A substantial remuneration package is available and the right person is currently likely to be earning more than £30,000. Advancement opportunities are considerable.

Please write, in confidence, to Michael Ping enclosing a curriculum vitae and quoting reference F/606/P, at Ernst & Whinney Management Consultants, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

Ernst & Whinney

Westlake & Co

Member of
THE STOCK EXCHANGE

Dealing Clerk required

Authorised Clerk or Telephone Dealing Clerk required to work in Plymouth office. Age not material but experience necessary.

Please reply in confidence to:-
The dealing partner

*WESTLAKE & CO
PRINCESS HOUSE
EASTLAKE WALK
PLYMOUTH
DEVON PL1 1HG
TEL: (0752) 220971*

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A MEMBER OF ALLIED PROVINCIAL SECURITIES LTD

International Appointments

International Financial Director

Break new ground in Europe

Within a dynamic, competitive consumer service field, our Client has proved its staying power. Well-established, well-financed and part of a large blue-chip retail organisation, they are currently setting up an International Division here in London to co-ordinate all their overseas activities and are looking for a strong negotiator with exceptional business acumen to fill this key board appointment.

It's the opportunity to apply your financial experience — gained within an international environment — to a brand new operation with considerable room for business expansion. You will be responsible for producing business plans, together with the appraisal of all on-going and future projects and budget development and control. You will also undertake general management duties in a supporting role to the Company's existing European operations.

Given the breadth of the role, we expect you to be in your 30's to 40's and well versed in contract control and senior financial negotiations. Fluency in at least one foreign language is essential and you must be willing to spend at least 25% of your time travelling overseas.

If you consider yourself the calibre we're looking for, the rewards will simply confirm your view. The Company is offering a salary of c.£25,000, a Company car and a first-class range of executive benefits. Break new ground in your career. Please send a detailed C.V. to David Woolf, or call him for a confidential discussion. Juniper Woolf Consulting Partners, 22 New Concordia Wharf, St Saviour's Dock, Mill Street, London SE1 2BB.
Tel: 01-231 7275.

JUNIPER Woolf

SEARCH & SELECTION · RECRUITMENT ADVERTISING

I.B.S.

Head of Academic Unit Wanted

The Institute of Banking Studies, Kuwait, is a premier management institution for bankers' training and academic education, applied research and consultancy in banking and finance, and works under the auspices of the Central Bank of Kuwait.

The Institute invites applications for the position of Head of Academic Unit for a two-year contract. The incumbent will supervise the forthcoming "Advanced Diploma in Banking" offered in conjunction with a well known American university. He will also be responsible for course design, syllabus preparation, co-ordination and delivery of the academic programmes of the Institute. And he is expected to train a Kuwaiti professional to succeed him after two years.

REMUNERATION package includes attractive salary, furnished accommodation, paid annual leave of 45 days, yearly round ticket for family and end of service compensation.

REQUIREMENTS:

—Ph.D or D.B.A. degree in banking related subject from an accredited university
—Well-rounded knowledge of all functions of modern commercial banking, namely, Marketing, Finance, Operations and Human Resources Management
—Be of an Associate Professor's rank at least
—Excellent teaching, research and administrative capabilities
—Be of 35-40 years old

Applications should be sent to:

Dr Abdullah M. S. Ghanem
Director, I.B.S.
P.O. Box 1080 Safat, 13011 Kuwait

CHANGED TELEPHONE NUMBER

With effect from Monday, 4th August 1986, our telephone number will be

01-606 1706

Our address is unchanged.

*Anderson, Squires Ltd
Bank Recruitment Specialists
127 Cheapside, London EC2V 6BU*

Anderson, Squires

FORWARDS DEALER

This European bank, who are expanding in the London market, seek a good forwards dealer. Candidates should have an excellent background, gained with active trading names and should be prepared to build up the forwards book for the bank. Remuneration will be according to age and experience.

FUTURES DEALER

Our client, a 'blue chip' merchant bank, seek a futures desk trader. Good previous experience necessary particularly in the Eurodollar and also US treasury bond contracts, gained with solid trading names within the market. Salary will be c£20,000 plus usual banking benefits.

TREASURY DEALER

This progressive and active international bank seek a highly experienced money markets trader for the London operation. Broad based but in-depth knowledge and experience of the deposit markets is required and this should be coupled with practical trading experience in off balance sheet instruments. The appointment will be at senior dealer level. Salary to c£40,000 + benefits.

TREASURY MARKETING

Having had two to three years active fx trading experience, you may be wishing to move your career in a slightly different direction. Our client seeks experienced fx dealers to join the expanding corporate treasury/fx advisory area. Taking you away from the main dealing desk, you will become involved with the packaging and presentation of fx and treasury instrument concepts to major corporates. A degree is not necessary, but an enquiring and innovative approach is. Salary is negotiable.

Roger Parker Organisation
65, London Wall
London EC2 5TU
01-588 2580

FX, TREASURY AND CAPITAL MARKETS RECRUITMENT SPECIALISTS

Appointments Advertising

£41 per Single Column Centimetre and £12 per line
Premium positions will be charged £49 per Single Column Centimetre

UNIVERSITY OF WARWICK
School of Industrial and Business Studies
Research Fellowships: Applications of Mathematics to Financial Problems

A senior research officer and a research officer are required for a two year ESRC research project on the applications of continuous time models to financial valuation problems. The project will be directed by Professor Stewart Hodges.

Applicants are sought with either expertise in numerical analysis and computing (particularly numerical quadrature and the solution of partial differential equations) or with research experience in the option valuation literature.

The appointments will be made on the scale Grade II and Grade IA range for research staff (£8,020-£15,700), and will be with effect from 1 January 1987 or to be agreed.

Applications forms and further particulars from the Registrar, University of Warwick, Coventry CV4 7AL (0203 523627) quoting Ref. No. 1/2A/86/M. Closing date for applications 14th October 1986.

UNIVERSITY OF WARWICK
Senior Lecturer/Reader in Management Accounting

Applications are invited for a Senior Lecturer/Reader in the School of Industrial and Business Studies to join a developing group in Accounting and Finance led by Professors Stewart Hodges and Anthony Steele.

Candidates should be able to demonstrate a strong academic background and a sound research record. While a broad range of interests is desirable, preference will be given to candidates who can offer leadership in Management Accounting.

The appointment will be made with effect from 1 January 1987 or at a date to be agreed and will be on the scale £14,870-£18,825.

Further particulars are available from the Registrar, University of Warwick, Coventry CV4 7AL, (0203) 523627 quoting Ref. No. 1/3A/86/M. Closing date for applications 30th August 1986.

Foreign Exchange Broking Wellington

Our client, **New Zealand Money Brokers Ltd.**, is a newly established foreign exchange broking company based in Wellington, New Zealand, and seeks to appoint an experienced Broker and/or Dealer, who possibly wishes a change in career.

The Company has strong international affiliations and the successful applicant will be fulfilling an important role within the expanding deregulated banking scene in New Zealand.

Candidates should be highly motivated individuals with the drive and ability to succeed in a competitive environment. The proficiency and commitment necessary for this exciting challenge are reflected in an outstanding salary package.

If you are interested in discussing the possibility of relocating, or returning to New Zealand, please telephone for an initial discussion, or send a Curriculum Vitae for the attention of:
**Robert Usher, Consultant,
Jonathan Wren International Limited,
170 Bishopsgate, London EC2M 4LX.
Tel: 01-623 1266.
Telex: 8954673 WRENCO.**

London • Sydney • Hong Kong

Jonathan Wren International Ltd
Banking Consultants

CORPORATION (CAYMAN) LIMITED
ROYWEST TRUST
requires

TRUST OFFICER

Selected candidates will administer standard personal accounts through to more complex trusts and managed companies. They will hold at least the Trustee Diploma of the London Institute of Bankers and be fully experienced in the trust field.

The position of Trust Officer carries an attractive salary and benefits, which include a pension scheme, medical life disability and personal accident insurances.

Candidates are invited to send their applications, in confidence, to:

The Manager,
Personnel,
RoyWest Trust Corporation
(Cayman) Limited,
P.O. Box 707
GRAND CAYMAN
British West Indies

Accountancy Appointments

Accountancy Appointments

FINANCE DIRECTOR

South Yorkshire — **New Management Buyout**

A Finance Director is required to join the management buyout team of this engineering company which specialises on the building and construction markets.

The initial priority will be to establish a new finance function to take over from the accounts department of its current parent group in London. The role will be broad, including directing the financial affairs of the company, company secretarial work and working as a key member of the senior management team.

The requirement is for a qualified accountant, preferably aged 35-45, with good commercial experience in a manufacturing or engineering company. Experience of establishing and directing a small accounting function and a company secretarial background are also required.

An equity stake has been reserved for the Finance Director and remuneration will include a salary of around £26,000, contributory pension and company car.

Please write in confidence, quoting reference 2569/L, to C. T. Garcia, Executive Selection Division.

PEAT MARWICK

Peat, Marwick, Mitchell & Co.,
165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

GILTS
Business Analyst/Accountant

c£30,000 + car + bank benefits
City

Success after 'Big Bang' is dependent on the people involved. Having individually selected each member of staff, our client has avoided all the pitfalls that can result through team acquisition or merger. The resulting spirit and motivation to succeed is unparalleled and they are now acknowledged within the market as amongst the leaders in their field.

Although the team is virtually complete, an early promotion means an opening now exists for an Accountant. Working closely with the *Director-Finance and Systems*, you will be involved with special projects and feasibility studies in respect of computer systems and the costing and analysis of potential products for the securities market.

This exciting opportunity will suit a qualified accountant in his or her late 20's with experience either within the securities industry or in a related environment with exposure to innovative high tech systems.

If you can demonstrate that you have this experience and also possess the ability and commitment to succeed, the opportunities for personal progression and development are second to none.

In addition to a negotiable salary, benefits will include bonus, car, subsidised mortgage and pension.

Please write with full CV and quoting reference MCS/6090 to
Alannah Hunt
Executive Selection Division
Price Waterhouse
Management Consultants
No 1 London Bridge
London SE1 9QL

Price Waterhouse

Appointments Advertising

£41 per Single Column Centimetre and £12 per line

Premium positions will be charged £49 per Single Column Centimetre

For further information call:

Louise Hunter
01-248 4864

Jane Liversidge
01-248 5205

Daniel Berry
01-248 4782

RAC

AUDIT QUALITY CONTROL MANAGER

£16,500—£20,000 — **CROYDON**

PLUS CAR

The Royal Automobile Club is a group of companies engaged in the provision of a range of services to motorists including insurance broking and the operation of a private members club.

Group income is £84 million p.a. and some 3,600 people are employed throughout the United Kingdom.

An opportunity has now arisen for a commercially orientated dynamic individual to join a young and professional internal audit department whose scope includes all of the groups' activities.

The person appointed will be responsible for ensuring that the standards set for audits are being achieved in terms of the objectives and work methods as well as the utilisation of resources by the staff engaged in audits.

The individual we are seeking will be a qualified accountant, preferably a graduate, who can offer experience in systems based and *computer audits*.

The successful applicant will possess good analytical abilities and well developed communication skills in addition to the tact, diplomacy and persistence necessary to fulfil this role.

Limited travel will be involved and a fully expensed car is provided. Additional benefits consist of free life insurance, a non contributory pension scheme and BUPA.

Applications, accompanied by a full C.V., should be sent to the Shief Internal Auditor, The Royal Automobile Club, RAC House, Lansdowne Road, Croydon, Surrey CR9 2JA.

SENIOR MANAGER—COMPUTER AUDIT

London — **c £30,000 + car**

Our client is a major firm of Chartered Accountants with a substantial, well-established national and regional computer audit function. The firm now seeks an experienced professional to play a leading role in its London operations.

Applicants should be Chartered Accountants aged 30-35 with a computer audit and security background. Responsibilities will include managing computer audit assignments and computer security services. The candidate will be expected to contribute to the development of added value services and to the continuous evolution of the firm's audit approach. In the medium term, responsibilities will include training computer and general auditors and counselling London based computer auditors.

The successful candidate will have a high level of marketing and business awareness and the presence and personality to motivate staff and engender confidence with clients and colleagues. Partnership prospects are outstanding.

Please reply in confidence with a comprehensive curriculum vitae including details of current earnings and a day time telephone number to: D. E. SHRIBMAN.

HUDSON SHRIBMAN
THE COMPLETE FINANCIAL SELECTION SERVICE
Vernon House, Sicilian Avenue, London WC1A 2QH. Tel: 01-831 2323

MANAGEMENT ACCOUNTANT C.£16,000+

Cromwell Hospital
a private hospital with an international reputation for high standards in a wide range of clinical services and patient care, is seeking a qualified Accountant.

The main responsibility will be for the development of the Management Information System which operates in a constantly changing service environment. As part of this work, the Management Accountant will be responsible for budgeting; monthly accounting, forecasting and reporting; investigations and pricing reviews. The work will be undertaken with two support staff and will require liaison *with a wide range of service department managers.*

Applicants, male or female, should be qualified (ACMA or ACCA) have several years experience in management accounting, preferably in a service organisation (health care experience would be an advantage) and have good written and oral skills.

Those interested should write giving full career details to: Freya Slade, Personnel Manager, Cromwell Hospital, Cromwell Road, London SW5 0TU.

CROMWELL HOSPITAL

EXECUTIVE JOB SEARCH

Are you earning £20,000—£100,000 p.a. and seeking a new job?
Connaught's discreet and successful Executive Marketing Programme provides professional excellence in helping you to identify those unadvertised vacancies.
Contact us for a free and confidential meeting to assess if we can help you. If you are currently abroad ask for our Executive Expat Service.

32 Savile Row, London, W1 — *Connaught* — 01-734 3879 (24 hours)

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Executive Search and Selection Consultants
BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

Tax Accountant

Central London — ***To £22,000, Benefits***

Our Client, a major company involved in transport and allied fields, have need to develop further their corporate tax affairs.

Being responsible to the Group Chief Accountant, who will provide guidance on policy direction only, you will be charged with the provision and implementation of tax plans for both the Corporate Tax and Value Added Tax areas. As a consequence, the position would offer excellent scope for an ambitious young tax accountant, to sharpen his talents as a tax planner. Another important aspect of the job would be to maintain already established contacts with the Inland Revenue Head Office and Customs & Excise.

The ideal applicant will be a qualified accountant having had at *least 3 years experience in the coporate tax department of a large* professional firm and looking for his/her first move into commerce.

Please apply in the first instance to *A. T. Matthews*, Hoggett Bowers plc, *Abbott House, 1/2 Hanover Street*, LONDON, *W1R 9WB*. Telephone 01-409 2766.

TREASURY AND CREDIT MANAGER

Yorkshire — **Excellent salary plus car and usual big company benefits**

Our client, a multi-million pound manufacturing company, part of a major US multinational, in the Fortune Top 20 of American corporations, has just embarked on a significant capital investment and new product development programme to maintain its market leadership in the UK and overseas.

This is a new appointment with excellent promotion prospects, reporting direct to the Finance Director and will entail the building, control and motivation of a team of 25 staff.

Strong management capabilities will be necessary to control this revenue administration function, including both treasury and credit control and the setting up of financial and system development objectives to enhance profit contribution.

The ability to interface at senior level within the company is essential, given the common objective of maximising sales whilst minimising financial risk.

Knowledge of export documentation, ECGD procedures and the foreign exchange market is essential.

Candidates must have a financial or business qualification and should be either currently employed in a similar appointment or an experienced financial controller with a good knowledge of the treasury and credit functions.

Please reply in confidence
with CV to: Keith Mitchell

Senior Management International
Executive Search Consultants
Landseer House
19, Charing Cross Road
LONDON WC2H 0ES

Financial Director
DESIGNATE
Salary negotiable + Car

Sentry, a US Corporation, is a well-established and successful UK operation whose interests include Motor, General and Life Insurance.

Following completion of his UK assignment our current Finance Director will return to the USA. We are seeking a qualified successor to take over from him.

Initially, the appointment will be as Group Chief Accountant with involvement in a wide range of major financial matters which affect Sentry's UK interests. An ability to make an immediate contribution is important.

The person appointed will possess a positive, hard-working approach and be able to demonstrate communication and management skills. Candidates for this position will have at least eight years' experience in a Service Company ideally in the financial sector.

For the right person a very attractive salary and benefits package will be available and the prospects to assume the role of Financial Director are excellent. The position is based in our prestigious Head Office in Milton Keynes.

Please apply with full CV including current salary and daytime telephone number to:

Robin Fletcher, Group Personnel Manager,
Sentry Insurance Management Ltd.,
Sentry House, 500 Avebury Boulevard,
Saxon Gate West,
Central Milton Keynes MK9 2LA.

SENTRY

Group Financial Director

Central London — **c£30,000 + car + share options**

If you can apply your technical skills to help identify and exploit entrepreneurial opportunities this new appointment will provide an ideal environment. Working closely with the Chairman/M.D. (himself a Chartered Accountant) of this fully listed public company engaged in manufacturing and distribution (turnover has increased tenfold in the last five years) you will be responsible for developing all aspects of financial management and control and will be directly involved in a challenging acquisitions programme. Applicants must be Chartered Accountants, probably aged 30-35, with proven experience to contribute to business decisions. Ref. 1395/FT. Write or telephone for an application form or send full details (with telephone numbers and current salary) to R.P. Carpenter, FCA, FCMA, ACIS, 2-5 Old Bond Street, London W1X 3TB. Telephone 01-493 0156 (24 hours).

Phillips & Carpenter
Selection Consultants

INTERNATIONAL OPERATIONAL AUDIT

£ NEGOTIABLE — **BONUS+CAR**

Our client is a major, dynamic and rapidly expanding PLC in the manufacturing sector, with headquarters in an attractive part of Kent that is only half an hour from Central London.

Increasing emphasis upon operational review in the UK, USA, Canada and Europe has created challenging opportunities for auditors seeking to broaden their experience before entering line financial management and developing a career within the Group.

Ideal candidates will be graduate CA's with the ability to liaise from shop floor to Main Board level. A second language would be useful but is not essential.

Applications giving details of education and experience, along with a recent photograph, should be sent to:

Bowden Gow Associates
Financial Recruitment Division
10 Tonbridge Chambers, Pembury Road, Tonbridge, Kent. TN9 2HZ

Appointments Wanted

LIFES AMBITION TO WORK IN THE CITY

41 year old management consultant, specialising in sales skills training for major multi-national clients, seeks FULL TIME position.

Experience USA, Europe and Africa.

Write Box FCS [illegible], Financial Times 10 Cannon St, London EC4P [illegible].

Accountancy Appointments

Appointments Advertising

£41 per Single Column Centimetre and £12 per line

Premium positions will be charged £49 per Single Column Centimetre

Louise Hunter
01-248 4864

Jane Liversidge
01-248 5205

Daniel Berry
01-248 4782

Financial Systems Development

Croydon up to £22,000

The BT Southern London District is a major business with a *turnover in excess of £400 million a year.*

We are now looking for a fully qualified accountant for a challenging role in the evolution of our business. The task: to take responsibility for the introduction of accounting development projects within the present financial system plan – and also for the next generation of systems.

All aspects of project work will be involved, from the preparation of a detailed work plan right through to the production of the operating timetable for live systems. Liaison with system users will be a major feature of your brief.

You must have a flair for organisation together with the ability to work under pressure. Experience of accounting systems with large organisations is essential.

Excellent BT benefits and working conditions with prospects for career enhancement. The appointment may be initially based in Wimbledon but will relocate to Croydon within a few months.

Please send your CV, stating current salary and relevant career data (it is important to include a day telephone number, which will be used with discretion) quoting ref. FT/06, to Graham Milbourne at British Telecom London, Management Recruitment and Selection Centre, St Giles House, 1 Drury Lane, London WC2B 5RA. Tel: 01-379 6070. Closing date for applications is 21st August, 1986.

British Telecom has an equal opportunity employment policy.

British TELECOM

£18,000 + SUBSTANTIAL BONUS + CAR

BERKSHIRE

Our client is a £300m distribution subsidiary of a diverse energy group operating in the UK through a regional network. These two newly created positions report to the Financial Controller at the central finance function.

SYSTEMS DEVELOPMENT ACCOUNTANT

The role involves upgrading existing systems and evaluating software.

The successful candidate must have had strong systems/accounting experience within a multi-location environment and should have the personality to deal with both financial and non financial staff at all levels.

CAPITAL EXPENDITURE CONTROLLER

The role involves evaluating and controlling all capital investment projects.

The successful candidate must have good communicative skills and a numerate/logical mind.

The benefits are good including non-contributory pension, fully expensed car and relocation expenses where appropriate.

Please write enclosing full resume quoting Ref: 113 to Nigel Hopkins FCA, 97 Jermyn Street, London SW1Y 6JE.

Cartwright Hopkins

FINANCIAL SELECTION AND SEARCH

Oxford University Press

CHIEF ACCOUNTANT

c.£17,500 + car

MANAGEMENT ACCOUNTING MANAGER

c.£17,500 + car

OUP is an international publishing and printing group with a world-wide turnover of £90 million. Due to expansion and internal promotion within the group, the Oxford Publishing operations require a Chief Accountant and a *Management Accounting Manager.*

The positions, reporting to the Financial Controller, are of equal seniority and are key posts in a finance department of 40. We are looking for people able to lead a team of supporting staff and who have sound technical skills and the ability to communicate effectively at a senior level within the individual publishing businesses.

Applicants should be appropriately qualified accountants with at least two years' post-qualified industrial or professional experience.

The salaries are negotiable and there are excellent supporting benefits. Assistance with relocation where necessary.

Please write, attaching your C.V. and indicating the post for which you are applying, to: *Mr D C Moody*, UK Personnel Director, Oxford University Press, Walton Street, Oxford, OX2 6DP.

UK Financial Controller

London W1 c. £20,000 + Bonus + Car

VITRA, an established European company with headquarters in Switzerland, specialising in the production of office furniture and shop and display equipment is seeking a Financial Controller.

Based at our recently opened Mayfair Head Office and Showroom, this person will report directly to the Managing Director and will be responsible for the managing of the UK divisional accounting functions as well as supervising logistics of supply and distribution procedures within the UK company.

The person chosen will be a qualified accountant, probably aged below 35, who can display a successful track record within a commercial environment. The ability to "roll-up one's sleeves" and deal with day-to-day problems is essential. There will be some travel to Germany *and Switzerland to integrate the* UK accounting function with the parent company and therefore an understanding of German would be useful but not essential.

This is an exciting opportunity to become an integral part of a successful growth company. Prospects are excellent and could lead to an eventual directorship.

Please call Ian Nash, ACA, on 01-408 1122 if you would like more information.

vitra

Applications with full C.V. should be sent to:
Mr David Williams, Managing Director, Vitra Ltd
13 Grosvenor Street, London W1X 9FB

FINANCIAL DIRECTOR (Designate)

South Wales c.£19,000 + car

Our client, The South Wales Transport Company Limited, is a successful medium sized bus and coach company soon to be privatised by way of a management buyout. This move poses interesting and exciting opportunities for the Company's Management to develop successfully the business within the challenging environment caused by the imminent deregulation of the bus industry.

The Company intend to appoint a Financial Director (Designate) who will be responsible for all financial, administration, and company secretarial aspects of this £12m turnover business. Reporting to the Managing Director, strong financial input from the Financial Director is vital to the success of the buyout team. Key responsibilities will include the preparation of management and statutory accounts, the further development of management information systems and controls, efficient cash management/treasury function, and capital investment appraisal and project analysis.

Candidates will be qualified Accountants, preferably Chartered, aged between 30 and 45 years, with a proven record, preferably with a transport background. Commercial awareness, drive, determination, and good man management skills, are essential.

The attractive remuneration package is fully negotiable with comprehensive fringe benefits and relocation assistance. It is envisaged that the successful candidate will be appointed to the Board on privatisation.

Please write in confidence, with full career details, quoting ref 6440/L, to John W. Hills, Executive Selection Division.

PEAT MARWICK

Peat, Marwick, Mitchell & Co.,
165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

MANAGING DIRECTOR HP

Banking Group expanding its small ticket HP and Instalment Credit business in the South East seeks energetic managing director to head up these operations.

The ideal candidate will be aged 30-50 and will be close to becoming Managing Director of his present company. In particular he will need proven strategic and marketing skills, and the ability to attract and build a managerial team of high quality.

For the right person, the remuneration package will be attractive.

Apply in confidence to:

Walter Judd Limited (ref. L756)
(Incorporated Practitioners in Advertising)
1a Bow Lane, London EC4M 9EJ

CITY GRADUATES

Leading securities firm urgently seeks numerate graduates and recently qualified accountants.

If you have some experience in the City—so much the better—in any event we should like to hear from you.

All applicants will be interviewed and advised according to potential revealed at the interviews.

Please write, enclosing full curriculum vitae to:
Box A0220, Financial Times,
10 Cannon Street, London EC4P 4BY

Finance Director

Insurance Broking £35,000 negotiable

Our client is a medium-sized group of brokers at Lloyds ultimately owned by banking interests. The group is expanding and is making creditable profits.

The requirement is for a man or woman with sound experience of insurance broking and most particularly of operating in an extensively 'computerised' finance department. A key task will be the evaluation, upgrading and managing of E.D.P. and maintaining the information systems' efficiency and capacity in an increasingly competitive field.

The finance department runs as a service to the Managing Directors of the group companies but the Finance Director will be responsible ultimately to the Main Holding Company Board for the sound running of the finances. Specific duties include implementing financial controls and formulating budgets company by company, treasury management, budgeting, the annual production of three year financial plans, and the financial control of two overseas subsidiaries. The *Finance Director will manage, motivate and train 30 accounting and D.P. staff.*

Candidates will be qualified (FCA or ACA) and are most likely to be aged 35 to 40. Location is the City of London and at an administrative site near the South Coast. Salary is negotiable with a car and generous benefits. Please forward a full CV in complete confidence quoting reference LM64 to Terry Fuller, Executive Selection, Spicer and Pegler Associates, Friary Court, 65 Crutched Friars, London EC3N 2NP.

Spicer and Pegler Associates
Management Services

CHIEF ACCOUNTANT

£18,000 per annum

Reporting to the Director of Finance and Administration, the Chief Accountant will be responsible for all the day to day activity of the Accounts Department and for providing diverse business information to the sales and marketing executives. Key tasks will include assisting in the implementation of a new computer system, financial accounting and reporting to an international head office and supervision of credit control.

Candidates should have an ACCA/ACA/ACMA qualification and a proven track record in a medium-sized company, preferably involved in distribution-related activity. Strong man-management skills are essential. Experience of implementation of a sophisticated computerised accounting system would be an asset. Age 28-35.

Please reply in writing, enclosing a precise CV to:
Len Moores Personnel Manager UIP (UK)
37-41 Mortimer Street London W1

United International Pictures (UK)
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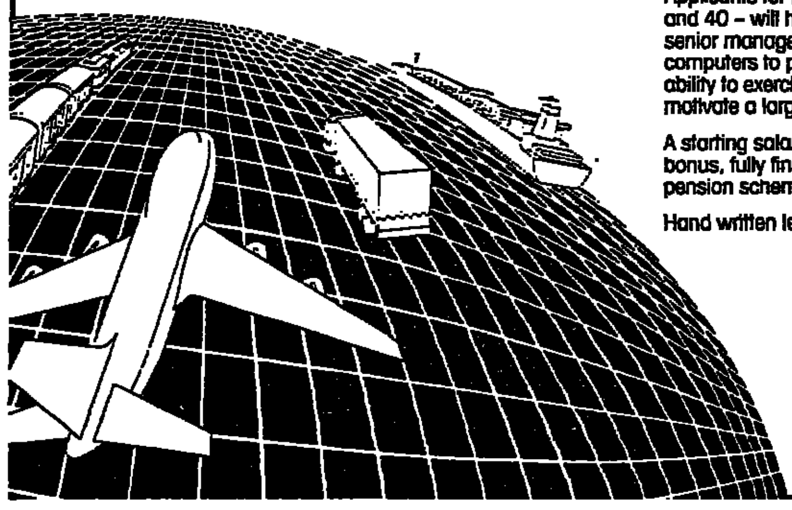

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**Roy Bentley, Development and Training Manager,
TSB England & Wales plc, Administration Centre,
100 Lower Thames Street, London EC3R 6AQ.**

TSB BANK

Closing date for applications: 22nd August 1986.

Financial Controller

RFD Limited is an international trading subsidiary of Wardle Storeys PLC, and manufactures and supplies life-saving equipment to the marine and aviation industries.

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The successful applicant will have a strong manufacturing background and be able to impose and manage tight cost control and management reporting systems. Additional experience in export sales and contract negotiation would be an advantage.

It is expected that the suitable applicant will be a qualified ACMA or ACA and not have sufficient experience if he or she is below 35 years of age. An attractive remuneration package will be offered to the right applicant including assistance with relocation expenses where necessary. Other benefits of the position being offered includes the use of a company car and joining a contributory pension and private medical insurance scheme.

Please send full details marked "Private and Confidential" to the Managing Director, Mr J. West, RFD Limited, 66 Catteshall Lane, Godalming, Surrey, GU7 1LH.

Contracts and Tenders

REPUBLIC OF UGANDA

NOTICE OF PREQUALIFICATION
KAMPALA — JINJA ROAD — SECTION ONE
Km 00 to Km 24 approx.
Cont. No. 522 (R)

1. **Finance**
The Republic of Uganda has applied for, from the International Development Association (IDA) in various currencies, a credit towards the cost of the rehabilitation/strengthening of the above road and intends to apply proceeds of this credit to eligible payments under the contract to which this preliminary information applies.

2. **Eligibility**
2.1 Construction firms from member countries of the World Bank, Switzerland and Taiwan, China, are invited to be prequalified to participate in the bidding for this work. Applications for prequalification will be considered only from principals who are prepared to undertake full responsibility for carrying out the work. Joint ventures or consortia of two or more firms are required to submit prequalification data as requested in the prequalification document for each of the member firms, together with an affidavit signed by all parties of the proposed joint venture or consortium declaring their intent to form a partnership
2.2 In addition the applicant must demonstrate :
(a) Previous experience in roadworks of similar nature and magnitude to that described below;
(b) An average annual turnover in road construction over the past three years of not less than US$15 million;
(c) The successful completion during the past three years of a single roadworks contract of not less than US$10 million.

3. **Scope of Project**
The work comprises rehabilitation/strengthening of the road and will include:
i. Construction of lime stabilised base course 320 mm-350 mm thick;
ii. Patching and repairs to pavement where rehabilitation/strengthening is not required;
iii. Repair and reinstatement of side drains and cross culverts;
iv. Wearing course 50 mm thick asphalt concrete for the full length of the road.

4. **Prequalification Document**
Prequalification Document containing preliminary information concerning the project and prequalification form for contractors is available against a non-refundable payment of 100,000 Uganda shillings or US$ 20.00 from either:

The Permanent Secretary
Ministry of Works
P.O. Box 10
Entebbe, Uganda
Telex: 61313 WORKS

or

Messrs. Renardet S.A.
Consulting Engineers
P.O. Box 358
Geneva, Switzerland
Telex: 428476 RSA CH

Prequalification document will be available from 1st August 1986.

5. **Closing Date**
The complete Prequalification Document should be sent or delivered to the Permanent Secretary, Ministry of Works, P.O. Box 10 Entebbe to arrive in his office NOT LATER THAN 16.00 Hours on 15th September 1986.

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Candidates must be qualified accountants, preferably in their early thirties, with broad accounting experience in a small company environment. Computer literacy is vital and experience in property, or a related business sector, would be strongly preferred. Knowledge of tax planning and exposure to raising finance would be a distinct advantage.

Please send a comprehensive career résumé, including salary history and day-time telephone number, quoting ref: 2692 to G.J. Perkins, Executive Selection Division.

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Please write in confidence, enclosing career details and quoting reference 2089/L to Michael Blanckenhagen, Executive Selection Division.

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Legal Notices

No. 002835 of 1986
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CHANCERY DIVISION
IN THE MATTER OF
WESTWOOD DAWES PLC
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 7th July 1986 confirming the reduction of the capital of the above-named Company from £907,500 to £750,000 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above-mentioned Act were registered by the Registrar of Companies on 22nd July 1986.

Dated the 1st day of August 1986.
WRAGGLE & CO.,
of Bank House,
8 Cherry Street,
Birmingham B2 5JY.
(Ref: 25186/001.)
Solicitors for the above-named Company.

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For further information please write, enclosing full C.V., or telephone Susan Ross

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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Thursday August 7 1986

Judge rejects 'poison pill' defence device

BY TERRY DODSWORTH IN NEW YORK

A NEW YORK judge has rejected a "poison pill" anti-takeover defence device in a decision which may call into question the increasing popularity of this method of fending off unwelcome acquisition proposals.

The preliminary injunction granted against NL Industries' poison pill will go to appeal and may be struck down at that level. But if the lower court decision is allowed to stand, it could set a precedent that would be followed in other states for certain types of defences.

Since a decision in the Delaware Courts last November upheld a poison pill established by Household International, hundreds of quoted US companies have adopted similar schemes.

In his ruling, Judge Vincent Broderick distinguished between poison pills which completely block the possibility of a takeover for an extended period, and those which allow offers within a certain time after the defence mechanism has been activated.

All poison pills give shareholders in a target company the right to buy stock in the surviving entity at half the market price. These rights are activated by the acquisition of 20 per cent of the target or a tender offer for 30 per cent, and in some cases cannot be redeemed after that point.

Judge Broderick struck down this kind of non-redeemable pill, saying that it illegally discriminated among common stock holders, that it unlawfully transferred authority to directors from shareholders, and that its adoption exceeded board authority under the law of New Jersey, where NL is incorporated.

In contrast to NL's poison pill, some allow a period of time within which a target company can redeem the rights to buy half-priced stock, and therefore allow the possibility of a takeover. These defences will apparently not be affected by Judge Broderick's ruling.

The Judge's decision gives Mr Harold Simmons, the Dallas investor, renewed hope in his bid for NL Industries, a New York-based chemicals and oil services group. In the wake of the ruling, he extended his tender offer for the company, but agreed not to buy more stock for 24 hours until the courts had had time to rule on the appeal.

Terry Dodsworth explains the significance of the Japanese stake in Goldman Sachs

Last of the greats ends Wall Street era

AND NOW there are none. Goldman Sachs was the last of the great Wall Street partnerships, and for months it has insisted that it would not go the way of the rest of the big investment banks and accept outside capital. But yesterday it reversed course. Its announcement that Sumitomo Bank of Japan is to take a 34 per cent stake in the business brings a chapter of Wall Street history to a decisive end.

The writing has been on the wall for a long time, however much Goldman insisted on not reading it. For the last decade, ever since Wall Steet abolished fixed commissions in the mid 1970s, the underlying trend in the dominant investment banks has been towards consolidation.

In the last 12 months alone, three of the top securities houses – Bear Stearns, Morgan Stanley and Kidder Peabody – have brought in outside capital. Morgan's decision to offer a 20 per cent stake to the public at the beginning of this year focused attention more than ever on Goldman, because Morgan, more than any other bank, was seen as the only house on Wall Street able to match Goldman's prestige.

It is hard to say exactly how some investment banks establish their reputation for superiority. But whatever qualities are needed for it – cleverness, imagination, attention to detail, hard work and client service – Goldman Sachs has it in abundance.

The bank regularly scores top or near top in the informal polls of Wall Street rankings. "You meet them for five minutes and know that they're the smartest people you've ever met," said Mr Ernest Block, professor of finance at New York University, recently.

Goldman's ability to arrive where it has while keeping its independence probably says more about the quality of the organisation than anything else. Partnerships were adopted by Wall Street as an ideal way of maintaining the personal links with companies that are so important to investment banking.

They allow clients to deal with bankers who have clear standing in their own organisations and who have an equally clear financial interest in making sure that the relationship is a fruitful one.

But at the same time partnership organisations are fraught with problems. Jealousies abound. It is difficult to keep morale among juniors grasping for a piece of the action. Only a couple of years ago, difficulties of this sort emerged into a fratricidal battle at Lehman Kuhn Loeb to destroy one of the oldest partnerships in the business and set it up for a takeover by Shearson, the American Express subsidiary.

At Goldman, on the other hand, the partnership has worked sweetly. Not only that, but for eight years until 1985, the bank was run by a unique duo of Mr John Weinberg, now the sole chief executive, and Mr John Whitehead, currently Deputy Secretary of State. They carried the idea of team work – on which Goldman Sachs has built itself – to its logical conclusion, working together "like a clock" as an admiring competitor once put it.

Goldman's decision to change this evidently efficient organisation, at a time when profits are running at record levels, is basically tied to the globalisation of the world securities markets. Like other Wall Street houses, it has been dragged into an era when virtually every business it is involved in demands heavy capital commitments. Volume has become the name of the game on Wall Street.

Even though Goldman has eschewed the bread-and-butter high volume business of retail stockbroking, it needs capital for its trading operations in other fields. Last year, it managed or co-managed $30bn worth of domestic and international corporate debt issues, was the nation's number one lead manager in municipal bond financing ($20bn), and arranged $7bn of private debt and equity transactions for US and overseas companies.

It is now reckoned to be the biggest block trader (blocks of 20,000 or more shares) of stocks on the New York Stock Exchange, and has moved aggressively into the trading of foreign stocks, options and stock index futures. It is also big in arbitrage and leveraged buyouts – all activities which increasingly demand that the investment bank should put up some of its own money.

By the end of last year, Goldman stood at around number six in the Wall Street league table in terms of capital. Of that, around $868m was in the form of partners' – or equity – capital, the essential measure of an investment bank's strength because it provides the base on which it can gear itself through borrowing.

To achieve such a strong base for its 79 partners was an achievement in itself, and evidence of the hefty profits of which Goldman has been capable, even after the withdrawal of funds by retiring partners. Yet Goldman must have been anxious about its ability to keep up with its competitors who are able to draw either on public money or the large purses of their owners.

The beauty of the deal with Sumitomo is that to a large degree it will provide a large slab of additional equity while not altering in any substantive way the partnership style of running the group. Goldman will be able to gear itself up on the new base, and could conceivably be in a position now to rival the position of Salomon Brothers, Wall Street's number one bank with a total capital of $2.3bn.

General Instrument expands cable role

By Our Financial Staff

GENERAL Instrument, the US electronics and components equipment group, is expanding its position in the cable TV equipment market by purchasing M/A-Com's cable-home communications business for $220m.

The sale, on which agreement has been reached, includes M/A-Com's coaxial cable business, videocypher encryption equipment for the scrambling and descrambling of satellite television programming, antennas for television earth stations and converters for the reception of cable TV programmes.

Mr Frank Hickey, General Instrument's chairman and chief executive, said the effect on his company's revenue and earnings would be "positive and immediate. We expect an addition to earnings per share starting in our current fiscal year and a revenue increase of over $200m on an annualised basis."

General Instrument is already a sizable player in the cable equipment field through its Broadband Communications division.

Sumitomo Bank expands its international role

BY ALEXANDER NICOLL IN LONDON

SUMITOMO Bank's planned investment in Goldman Sachs comes at a time when both have been committing substantial resources to building their international operations, particularly in the UK.

Mr Robert Conway, who heads Goldman Sachs' London operations, said yesterday that "our capital commitment has increased substantially in the past few years and is likely to continue to do so." Staff at the London office have more than trebled in the past two years from 140 to 455.

For many years an important player in the Eurobond market, Goldman has been expanding in the UK partly to boost its presence in UK domestic markets ahead of "Big Bang," the October revolution in London trading practices. It will be one of 27 primary dealers in the restructured UK government securities market, and is also expected to be a London Stock Exchange member to trade equities.

In addition to its established business of distributing US equities in Europe, Goldman is among the firms which have been building a round-the-clock trading market in the shares of the world's largest companies, involving trading teams in both London and Tokyo as well as New York.

It recently begun trading as a member of the Tokyo Stock Exchange, and has started to build research teams in both London and Tokyo to back its trading activities. In London, Goldman makes markets in US, Japanese and European shares and contributes prices to the London Stock Exchange's automated screen quotation service.

Goldman has also been developing a presence in the UK mergers and acquisitions business, though so far its role in takeover bids has been confined to that of joint adviser to the defence. Among companies it has assisted have been Woolworths, Standard Chartered Bank, Imperial Group, Westland, Debenhams and Dunlop.

This year, Eurobond issuing houses such as Goldman have faced tough market conditions because, despite the general fall in interest rates, bonds are often launched on highly aggressive terms and are poorly received by the market. Lead managers may then find themselves holding large and potentially loss-making bond positions. This situation has been exacerbated by increased uncertainty about the direction of dollar interest rates and worries about the continued fall of the dollar.

Goldman recently undertook a major shake-up of senior bond trading personnel. Two senior executives have been recruited from Salomon Brothers this year to join Goldman in New York. Top Eurobond staff in London have also been reshuffled.

Sumitomo Bank's London branch has 180 staff and is expanding, particularly in the foreign exchange and money market trading area, according to Mr Yoji Okabe, managing director. In addition to normal banking activities such as trade finance and swaps, Sumitomo has been attempting to build a presence in financing UK takeovers. It has a securities subsidiary, Sumitomo Finance International, with some 30 dealers and which has recently begun lead managing Eurobond issues. It was also recently licensed by the Bank of England to deal in the sterling commercial paper market.

Bronfman unit invites bids

By Robert Gibbens in Montreal

CADILLAC Fairview Corporation, a major Canadian and US real estate group controlled by the Bronfman family of Montreal and New York, is inviting outside bids for all its shares, now trading around C$22 (US$16).

It has retained Goldman Sachs of New York and McLeod Young Weir of Toronto to solicit offers.

The company said the real value of its common stock substantially exceeds the present market price.

Cemp Investment, the private investment holding company of Edgar and Charles Bronfman and their two sisters, owns 50 per cent of Cadillac Fairview on a fully diluted basis.

Coca-Cola abandons pursuit of Dr Pepper

BY OUR NEW YORK STAFF

THE ATTEMPT by the leading US soft drinks companies to reshape the industry was finally thwarted when Coca-Cola's planned $470m acquisition of Dr Pepper was abandoned in the face of the veto by the Federal Trade Commission.

PepsiCo had already shelved its plan to buy Seven-Up domestic operations but Coca-Cola had sought to challenge the FTC ruling. Last week a federal court granted an injunction requested by the FTC to block the Dr Pepper deal.

The announcement came from Forstmann Little, owner of Dr Pepper, which said it had "no choice" but to terminate the planned deal, given the prospect of lengthy litigation with the FTC.

But it added that both Coca-Cola and Forstmann strongly desired that the acquisition be completed. "We continue to believe that the transaction would not have been anti-competitive," it said.

AIBD BOND INDICES

WEEKLY EUROBOND GUIDE AUGUST 1, 1986

	Redemption Yield	Change on Week %	12 Months High	12 Months Low
US Dollar	9.046	−2.089	10.850	9.026
Australian Dollar	14.463	1.041	14.630	12.600
Canadian Dollar	10.487	−1.066	11.820	10.486
Euroguilder	6.059	−1.045	6.850	5.971
Euro Currency Unit	8.446	−0.413	9.524	8.164
Yen	6.282	−1.567	7.250	6.282
Sterling	10.402	−0.383	11.932	9.751
Deutschemark	6.474	−0.200	7.210	6.418

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Managers criticise easier issues rules

BY CLIVE WOLMAN IN LONDON

LEADING British institutional investment managers yesterday criticised the decision of the London Stock Exchange to relax the regulations on companies making new issues of equity.

The decision, made on Tuesday, will make it easier for companies to raise capital by methods which do not give their existing shareholders pre-emptive rights to buy the new shares.

According to Mr John MacLachlan, chairman of the investment committee of the National Association of Pension Funds (NAPF): "The Stock Exchange has forgotten that the rules were put into its rule book to protect investors after the abuses of the 1970s."

Although shareholders would have the right to block any vendor placings or other less conventional forms of equity issues at the company's annual general meeting, the method would be cumbersome, he said. "We would be saying that we do not trust the management," he said.

Although pension funds would be making their views clear to company finance directors, he said, the NAPF would not attempt to impose unilaterally any general rules or restrictions in the new circumstances. But the fears of investors could be alleviated if companies gave undertakings at their annual meetings about the details and maximum amounts of their possible capital-raising exercises, he added.

Mr Gareth Jones, chairman of the technical committee of the Association of Corporate Treasurers, which includes most large UK industrial companies, said that most of the steam could be taken out of the dispute by a relatively simple change. "The key issue for most companies is that if they want to do a rights issue they have to wait in a queue," he said. "And if you need the finance for an acquisition, particularly overseas, it is difficult to get right the timing of the issue."

He said that the ACT had drafted a letter to be sent to the Bank of England, which organises the new issues queue, the Stock Exchange and the institutional investors. It says that its members would be willing to rely on rights issues to raise equity capital if the problems of queuing were resolved.

INTL. COMPANIES & FINANCE

Bell Resources trebles earnings at six months

BY ROBERT KENNEDY IN SYDNEY

BELL RESOURCES, Mr Robert Holmes à Court's energy investment company, looks set to exceed forecasts that it will earn about A$180m (US$110.5m) in 1986 after reporting a buoyant result for the first half to June.

Bell's net profits of A$98.08m—an almost threefold increase on the A$34.74m reported for the same period last year—are the first calculated by the company including equity-accounted earnings for Broken Hill Proprietary (BHP), in which it holds some 28 per cent.

The company said yesterday that if it had chosen not to equity-account its share of BHP's earnings but had instead added to profit the dividends it would have received, profits would have been about A$9m higher.

Most analysts said they thought Bell Resources could at least repeat the June half profit in the current six months.

That figure presumes that Bell will not decide in the meantime to alter the extent of its BHP holding. There is still speculation, heightened by Mr Holmes à Court's recent decision to grant Elders IXL's Mr John Elliott a proxy over his 28 per cent at the BHP annual meeting in seven weeks, that Bell may be preparing to offload its BHP holding.

Similar speculation in April suggested that Bell was about to sell at about A$8 a share. Any exit price is now expected to be above A$10. A sale of the BHP holding by Bell could give it a capital profit of around A$500m.

The latest result and a rising market fuelled a 25 per cent gain to $4.45 by Bell Resources shares yesterday. The price has risen 70 cents in two weeks.

Amro maintains interim payout

BY OUR AMSTERDAM CORRESPONDENT

FIRST HALF profit up 28 per cent to Fl 181m ($77m) are reported by Amsterdam-Rotterdam Bank (Amro), the second largest Dutch commercial bank. The interim dividend is being held at Fl 1.80 a share.

Net profits per share edged up 2 per cent to Fl 3.89 over the same period of 1985, after adjustment for the 27.4 per cent increase in capital.

Gros profit was up 7 per cent at Fl 724m boosted by a Fl 60m or 13.3 per cent increase in income from commission, with the bank's brokerage activities making a substantial contribution.

Other income increased 68 per cent to Fl 209m on improved contributions from its foreign branches, positive results from domestic equity participation and trade in securities.

The bank says a 1 per cent decline in interest income to Fl 1.19bn was due to pressure on domestic interest margins. Total income grew by 7.5 per cent to Fl 1.91bn while total expenses rose slightly faster by 7.9 per cent to Fl 1.18bn.

Amro reduced its provisions by Fl 25m to Fl 438m. The balance sheet total declined by almost Fl 2bn or 1.4 per cent to Fl 138.6bn over the 12 months to June 30 due to the dollar's movement, and the value of its loan portfolio was down 2.7 per cent at Fl 66.7bn for the same reason, the bank said.

Daiwa raises Y500bn for Jumbo Fund

By Ian Rodger in Tokyo

DAIWA SECURITIES has raised a record Y500bn ($3.25bn in the Japanese market for a new fixed income investment fund.

The fund, called the Jumbo Fund, was designed specifically for Japanese institutional investors who worry that their current prosperity may not be sustained over the next few years.

The novel characteristic of the five-year fund is that no dividends will be paid in the first two years, thus enabling investors to defer tax.

About 90 per cent of the funds will be invested in fixed income bonds, most of them Japanese.

Feldmuhle Nobel expects to be ahead of forecast

BY DAVID BROWN IN FRANKFURT

FELDMUHLE NOBEL, the West German industrial group formerly part of the Flick empire, is optimistic than earlier this year about full-time profitability after an unexpectedly bouyant first half.

The group, which was floated on the bourse in May in a highly-oversubscribed DM2bn share issue, attributed a slight 1.7 per cent decline in world turnover to DM 4.72bn ($2.26bn) during the half year to the translation of weaker US dollars into D-Marks.

Sales at its Buderus subsidiary involved in iron, steel, capital goods, grew from DM 1.19bn to DM 2.22bn, but slipped from DM 1.88bn to DM 1.79bn at Dynamit Nobel, the chemicals, plastics and explosives offshoot, and from DM 1.71bn to DM 1.68bn at Feldmuhle, the paper and board unit. Exports accounted for 37 per cent of the total.

Feldmuhle Nobel is currently investing heavily largely to expand capacity in most of its business areas. It expects a 25 per cent increase in spending during 1986 to DM 720m, while planned depreciation will rise to some DM 480m, from DM 385m.

The management said that its previous forecast that profits would "not quite" reach last year's high level was clearly too conservative.

The group profits in 1985 was DM 233m on sales of DM 9.6bn. Earnings per share were DM 29.50.

SKF down 9% but confident for year

By Sara Webb in Stockholm

SKF, the world's leading roller bearings maker, suffered a 9 per cent drop in first-half profits from SKr 803m ($115.4m) to SKr 730m after financial income and expense.

However, the company still expects income for 1986 to be on a par with the 1985 figure of SKr 1.37bn.

Sales for the half-year edged ahead to SKr 10.38bn. The European and US market conditions were not as favourable as expected and business activities in many of the Asiatie markets was subdued.

Sales improvements for SKF Europe were particularly good in the main Italian, German, French, and Spanish companies, partly because of greater car production, and for special bearings. Eaxports remained high but with squeezed prices.

In the US, sales fell below those of a year ago, chiefly because of a drop-off in heavy industry and certain sectors of the mechanical engineering industry. Roller bearing sales totalled SKr 7.4bn.

Steel sales dropped 2 per cent to SKr 1.75bn, largely because of declining exports to the US and reduced business in markets with distributor representation.

Tool sales also fell as a result of lower dollar rates and weakened market demand in Sweden, Britain and Canada.

Japanese oil refiner jumps

TOA NENRYO KOGYO, the Japanese oil refiner which imports its crude from Exxon and Mobil, achieved pre-tax profits of Y49.18bn ($317.5m) in the first half, up 135.6 per cent despite a 31 per cent fall in sales, Our Tokyo staff writes.

Sales of petroleum products gained 1.6 per cent by volume but prices plunged. The earnings jump was attributed to Y13.9bn worth of foreign exchange gains caused by the yen's appreciation.

The interim dividend is being raised to Y10 from Y7.50.

For the full year, Toa Nenryo expects pre-tax profits to rise 32.7 per cent to Y75bn, on sales of Y650bn, down 35.4 per cent.

INTL. COMPANIES & FINANCE

Denmark launches $1bn floater on keen terms

BY CLARE PEARSON

DENMARK yesterday launched a "jumbo" $1bn floating rate note on the cheapest terms yet achieved for a sovereign borrower. Morgan Guaranty led the deal after five houses had submitted competing bids.

The ten-year bond pays interest at ⅛ point below six-month London interbank bid rate for Eurodollar deposits (Libid), and is priced at par. At this level it provides a straight-line yield to the investor of ten basis points below Libid, substantially below the yield on the last "record tight" seven-year issue for New Zealand, launched last month.

Critics saw Morgan Guaranty's pricing as over-aggressive. The lead manager arranged an accompanying interest rate swap which reduces Denmark's cost further below Libid.

Morgan Guaranty said, however, that the terms were justified by the quality and liquidity of the bond, especially as Denmark is using half of the proceeds to prepay an outstanding FRN issued in 1983. It also pointed out that the issue is not callable for the first three years, and then at a premium of 100.15.

A bid price of 99.65 appeared on brokers' screens during the afternoon. By the end of the day, however, this had tightened to 99.75, but was still outside the discount to issue price represented by the 22½ basis point total fees.

This issue for Denmark follows hard on the heels of a $500m fixed rate bond launched last week. However, Mr Nils Erik Sorenson, a senior Finance Ministry official, said yesterday that it will probably be Denmark's last Eurobond this year.

Elsewhere in the FRN sector, Credit Suisse First Boston launched a $125m 12-year bond for Bank of Boston. This was priced at par with interest payable at 3 basis points over three-month London interbank offered rate. The deal is callable after three years at par. A bid price of 99.85, a discount to issue price equivalent to the total fees, was quoted during the afternon. Dealers felt this reflected the lead manager's support, as US bank FRNs still met a guarded response from investors.

Wamaichi also ventured into the floating-rate sector, with a Y10bn "reverse coupon" FRN for Kansallis-Osake-Pankki, the Finnish bank. The deal is similar to an issue for KOP launched last month, as it will also be swapped into floating-rate dollars.

The five-year deal, priced at 101¼, pays interest according to the formula so that the coupon falls if six-month yen Libor rises. For th efirst six-month Euroyen Libor has been set at 4$\frac{7}{16}$ per cent, to give a return

The fixed-rate dollar Eurobond market traded quietly as dealers awaited the outcome of the 10-year US Treasury bond auctions in New York. Following the rather disappointing result of Tuesday's auction of thre-year notes, a recent three-year Eurobond for New Zealand drifted lower.

In the equity warrants sector. Nikko launched two deals. These wre a five-year $35m bond for Intec, the data processing company, and a $250m seven-year bond for Dai Nippon Ink and Chemicals. Coupons were indicated at 2⅞ per cent and 3½ per cent respectively. Meanwhile. Daiwa launched a $25m five-year bond for Izumi. the Japanese supermarkets chain, with an idicated coupon of 2⅞ per cent.

In the D-Mark market. Deutsche Bank issued a DM 100m 10-year bond for Oesterreichische Kontrollbank. The bond's 6 per cent coupon and par pricing were thought fair.

The D-Mark market traded quietly and prices were basically unchanged on the day. The Federal Railways daunched a DM 1.2bn domestic bond with a 6 per cent coupon and priced at 100½. Dealers felt the terms were slightly tight.

The Swiss franc market traded bouyantly after Tuesday's cut in time deposit rates. Prices rose by about ½ point.

Tokyo acts to boost capital outflows

BY YOKO SHIBATA IN TOKYO

THE JAPANESE Ministry of Finance yesterday detailed a set of measures intended to stimulate capital outflows from Japan and thus stem the yen's steep appreciation against the dollar.

Life and non-life insurance companies and pension funds will be allowed to have up to 30 per cent of their total assets invested in foreign currency instruments, up from the current ceiling of 25 per cent. At present, they are also required to limit the monthly increase in foreign investment in foreign currency assets to 40 per cent, another restriction which will be removed.

Credit associations will be able to buy foreign bonds equivalent to 30 per cent of their net worth, although the ceiling for the current fiscal year will be 15 per cent.

The ministry will also allow all the 47 prefectural credit federations of agricultural co-operatives to invest their funds in foreign bonds. At present only 17 of them can do so.

Their effect will be to expand the scope for insitutional portfolio investment overseas by some Y4.120bn ($26.7bn) of which about Y2,700bn can come from life insurance companies and Y600bn from the non-life sector. A further Y660bn has been allowed for trust bank pension funds, Y100bn for credit associations and Y60bn for farm co-operative federations.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.
Closing prices on August 6

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco Co. 9⅝ 16	200	101⅞	102⅜	−0⅜	−0¼	9.52
Atlan. Richfield 10⅝ 00	250	106½	107⅛	−0⅛	−1⅛	9.36
Australia Com. 11 95	200	114⅝	115	−0⅜	−0¼	8.56
Australia Com. 11¼ 00	100	114⅛	114⅝	−0¼	0	9.35
BP Capital 9⅝ 94	100	103	103½	−0¼	−0¼	8.51
BP Capital 11⅛ 92	150	108⅞	109⅜	−0⅛	−0¼	8.92
Campbell Soup 10½ 95	100	110¾	111¼	−0¼	+0⅛	8.69
Canada 9 96	1000	106¾	107¼	−0¼	+0⅛	7.92
Canada 11½ 90	500	112¼	112¾	−0⅛	+0¼	7.41
Canadian Pac. 10⅝ 95	100	108⅝	108⅞	−0⅛	+0⅛	9.05
CEPME 10⅛ 91	100	107⅞	108⅜	−0¼	+0⅛	8.14
Citicorp 10 88	200	104¾	104¼	−0⅛	0	7.55
Citicorp 10⅝ 95	200	106	106½	−0⅛	+0⅜	9.55
Credit Lyonnais 9 91	200	104	104½	−0⅛	+0¼	7.83
Credit National 9⅛ 93	150	104½	105	−0½	−0⅛	8.14
Denmark Kingdom 7¾ 93	250	98⅜	98⅞	0	+0⅜	8.01
Denmark Kingdom 8⅜ 91	300	101½	102	−0⅛	+0⅛	7.80
Denmark Kgdm. 11½ 92	100	115	115½	−0⅛	−0⅛	8.02
EDC 8½ 92	100	102¼	102¾	−0¼	+0¼	7.92
EEC 8¾ 96	100	101⅝	102⅛	−0¼	+0⅛	7.96
EEC 8⅝ 91	150	104	104½	−0¼	+0½	7.47
EEC 9⅝ 90	350	105½	106⅛	−0⅛	0	7.88
EIB 10¼ 94	200	110⅛	110⅝	−0⅛	+0⅛	8.41
EIB 12 95	200	122	122½	−0⅛	+0⅛	8.38
Eli Lilly 10¼ 92	150	110¾	111¼	−0⅛	+0⅝	7.92
Export Dev. Cpn. 10 90	100	108	108½	−0¼	+0⅛	7.43
Fed. Dep. Strs. 10⅛ 95	100	110⅛	110⅝	−0¼	+0¼	8.42
Ford Motor Cred. 10½ 91	150	108⅝	109⅛	−0¼	+0⅛	8.33
Ford Motor Cred. 11⅛ 90	100	109	109½	−0½	−0⅛	8.21
Gen. Elec. Cred. 10¼ 00	200	106⅛	106⅝	−0⅛	0	9.40
GMAC 10¼ 89	200	106¼	106¾	−0⅛	+0⅛	7.59
GMAC 8½ 93	200	101⅛	101⅝	−0½	−0¼	8.22
IADB 9⅞ 95	200	110⅛	110½	−0⅛	+0½	8.25
IADB 10½ 95	150	114⅛	114⅝	−0¼	−0⅛	8.19
Merrill Lynch 8¾ 91	100	103	103½	−0⅛	+1¼	7.96
New Zealand 7¾ 90	100	99⅝	99⅞	−0⅛	−0⅛	7.86
New Zealand 8¾ 93	150	100¼	100¾	−0⅛	+0½	8.13
Pepsico Inc. 7⅞ 93	200	95⅞	96⅜	−0¼	0	8.13
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Nippon Elec. 2⅞ 2000	1/85	1295	175¼	176½	+1½	95.87
Nippon Oil Co. 3 2000	5/85	923	196½	198¼	−16¼	−8.17
OKI Elec. Ind. 3½ 99	10/84	805	148⅛	149⅝	+2⅛	1.10
Sanwa Bank 2¾ 2000	10/85	1486	148¼	149⅝	−2	−0.02
Sekisui House 3 99	6/84	612	340⅝	342⅝	+2	8.90
Sumitomo Bank 2¾ 2000	8/85	2142	158⅝	160½	−0⅞	5.77
Sumitomo Corpn. 2⅞ 99	5/84	593	277¼	279¼	+3¼	12.62
Taiyo Yuden 3¼ 2000	3/85	1878	†141	143	0	0.38
Toshiba Ceramics 3 2000	4/85	1734	117⅛	118⅝	+1⅛	1.75
Nippon Oil Co. 2⅛ 92 SFr	3/84	1052	†129	130	−6¼	−2.77
Nippon Shinpan 2 92 SFr	3/84	801	†217	218	+5	15.17
Asics 5 92 DM	12/85	520	150	151	−0⅛	5.43
Renown 3⅛ 90 DM	3/85	675	132½	133½	−4	−6.55

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Akzo profits slip in first half

By Our Amsterdam Correspondent

AKZO, the Dutch chemicals and fibres group, said sales fell 12 per cent for the first six months of 1986 to Fl 8.1bn ($3.45bn), while net earnings declined 4.8 per cent to Fl 436.7m.

Akzo attributed a large part of the sales decline to its disposal of American Enka which reduced sales volume of man-made fibres. In addition, a dip in chemicals sales reflected the lower dollar.

But the company said that its utilisation of plant capacity was high for most chemicals products in the period, and margins for speciality chemicals widened slightly.

Earnings from non-consolidated companies were eroded by lower profits from the fibre companies in Latin America and India. There were also start-up costs. Expenditure on fixed assets was up 26 per cent at Fl 515m.

Second-quarter net income actually improved, rising 7 per cent to Fl 218m and the sales decline slowed slightly to 10 per cent. Akzo said the sale of the loss-making American Enka has a positive effect on operating margins, which rose to 9.1 per cent from 6.1 per cent last year.

The company is still predicting maintained profits for the whole of 1986. It earned Fl 843m for 1985. But it cautioned that oil prices and exchange rates could have a major impact on profits.

Akzo intends to continue its aggressive acquisitions policy, and is looking at a number of Dutch companies. It took a 14 per cent stake in precision instrument maker Enraf Nonius earlier this year.

Hiram Walker dives to C$4m loss in quarter

By Our Financial Staff

HIRAM WALKER Resources, the Canadian distilling and resources group involved in a complex transatlantic legal dispute over the projected sale of its drinks division to Allied-Lyons, plunged to a net loss of C$4m (US$2.9m) in the third quarter. This compared with profits of C$68m, or 80 cents a share, a year earlier.

The company, controlled by Olympia & York Developments, blamed the downturn on declines of C$42m and C$66m respectively in nine-month operating profits in distilled spirits and natural resources.

Other factors were an increase of $21m in finance charges, and $35m of costs connected with the takeover by O & Y through its Gulf Canada unit.

In distilled spirits, case sales of the more profitable brands were adversely affected by higher US excise taxes. The natural resources side was hit by lower oil prices.

For the first nine months of Hiram's fiscal year, net profits were C$160m, or C$1.52 a share, against C$267m, or C$2.85. Revenues edged down to C$3.06bn from C$3.08bn.

Mitel cuts deficit

MITEL, THE troubled Canadian telecommunications equipment producer controlled by British Telecom, reduced its loss markedly in its first quarter ended June 27, mainly due to higher sales of SX-100/200 switches. The deficit emerged at C$5.9m against a loss of C$14.1m a year earlier, on revenues of C$116m against C$88.6m.

The company expects much improved results for the full year. Mitel will close its switching equipment plant in Puerto Rico early in 1987 because of high costs. The manufacturing operation will be transferred to a Florida plant.

Falconbridge disposal

FALCONBRIDGE, the Canadian retail group, has agreed to sell its 51 per cent stake in Corporation Falconbridge Copper to Kerr Addison Mines. 50 per cent owned by Noranda, for about C$120.6m.

The stake consists of 6.7 shares, which Falconbridge is selling for $18 apiece.

Kerr Addison said it did not intend to make a follow-up offer to other Corperation Falconbridge shareholders. The Falconbridge unit, a base-precious metals producer, had 1985 sales of C$74.4m.

Thai bank stake

FIRST BANGKOK City Bank, which is being bailed out by the Thai Government, said it is studying offers from one US and two Japanese banks to take up 25 per cent of its newly boosted capital, Reuter reports from Bangkok.

Manoj Kanchanachaya, managing director, said Manufacturers Hanover, Tokai Bank and Fuji Bank are negotiating to buy 500m baht ($19m) of its 2bn baht capital. Only one foreign bank would be chosen, he added.

FT COMMERCIAL LAW REPORTS

Social security and the EEC

By A. H. HERMANN, Legal Correspondent

WHEN a businessman registers a limited company in the UK in order to operate in the Netherlands, what is his social security position? Can teachers and nurses be excluded from state schools and hospitals in the EEC because they are not citizens of the countries in which they work? Are social security claims against an occupational insurance association a matter for public or civil law, and what are the requirements of proper hearing and due process in social security proceedings?

All these marginal issues are capable of illuminating certain fundamental concepts of law, as the two European courts, that of Human Rights in Strasbourg and the Community Court in Luxembourg, have attempted to do recently in a number of unconnected judgments which pressure of other events did not allow me to report as they appeared.

The Dutch businessman was not the first continental entrepreneur who found it much easier to buy the shell of a British company off the shelf rather than spend months waiting at home for his limited company to be registered. However, some Germans who had taken a similar course were bitterly disappointed when the German courts refused to recognise the UK registration of a company, the only business of which was carried on in Germany.

The Dutch businessman, Mr D. H. M. Segers, who since 1980 had operated in the Netherlands a company called Free Promotion International, registered in the UK a private limited company, Slenderose Ltd, and transformed his Dutch enterprise into its branch office. The UK company had no other business than that of its Dutch branch.

This arrangement caused difficulties when Mr Segers applied for admission to a Dutch occupational health insurance scheme. The association running the scheme for the financial, wholesale and professional sectors, refused his application on the grounds that he was not an employee and that an earlier decision enabling directors holding 50 per cent or more of their company's equity to be treated as employees for the purpose of social security, applied only to directors of companies registered in the Netherlands.

In the European Court in Luxembourg, where the matter was referred, Mr Segers received support from Advocate-General Marco Darmon, who concluded as follows*: "The refusal to afford the advantages of a social security decision to a director of a company, for the only reason that this has its feet in another member state, constitutes a restriction of the freedom of establishment provided by Articles 52 and 58 of the EEC Treaty." If the court confirms this conclusion, many more Dutch businessmen are likely to register one-man limited companies in London.

While Mr Segers wanted to continue to operate in the Netherlands with the help of a UK-registered company, Mrs Deborah Lawrie-Blum, a UK citizen, wanted nothing more than to be employed as a trainee teacher in Germany. She completed her studies at Freiburg University but was refused an appointment by the Stuttgart school authorities because she was British. Paragraph 4 of Article 48 of the EEC Treaty states that the freedom of movement of workers within the Community does not apply to employment in public service. The school where Mrs Lawrie-Blum wanted to continue her training was a state school where a trainee has the status of a temporary civil servant. Only a German citizen, however, can attain such status.

The dispute between Mrs Lawrie-Blum and the school authorities in Stuttgart reached finally the Federal Administrative Court, which referred the matter to Luxembourg. The European Court concluded† that a trainee teacher receiving a salary was a worker according to Article 48, paragraph 1 of the EEC Treaty, regardless of the legal nature of his employment. The training period preparatory for teaching was not really public service and could not be refused to nationals of other member states.

Two more cases presenting similar problems are pending before the European Court. In case 168/85, the European Commission complains that the Italian Government has refused to admit other nationals as trainee journalists and as pharmacists. Advocate-General Jean Mischo concluded‡ that the Commission was right in holding that by maintaining legislative provisions preventing the access of other EEC nationals to training and employment as journalists and pharmacists. Italy had failed in its treaty obligations in respect of Articles 48, 52 and 59.

In a similar complaint against France (case 307/84), the Commission objects to the requirement of French citizenship required for nurses by Article L809 of the National Health Code. Like the school authorities in Stuttgart, the French Government relies on the fourth paragraph of Article 48, exempting public service from the freedom of employment.

In this case,§ Advocate General Frederico Mancini went to some length to show that what is called "public service" is not necessarily public service. Paragraph 4 of Article 48 had to be interpreted, he said, in the spirit of the general objectives of the EEC Treaty. Relying on earlier decisions of the court, he argued that a service is public only if operated as part of the sovereign powers of the state affecting and influencing the behaviour of individual citizens. Police, the army, the courts and inland revenue fell into this category, but nurses did not. And he concluded that France had failed in its treaty obligations by insisting that nurses employed in public hospitals must be of French nationality.

* * *

The distinction between "civil rights," which enjoy the protection of the Convention of Human Rights, and claims based on public law, the satisfaction of which is within the discretion of the authorities, has also much pre-occupied the European Court of Human Rights in the first social security cases referred to it from Germany and the Netherlands. The latter referral arose from a complaint by Mrs Feldbrugge who was refused sickness allowance by the same Dutch occupational association with which Mr Segers had so much trouble.

The association discontinued a sickness allowance after Mrs Feldbrugge was declared fit by its medical adviser. This finding was confirmed by other medical consultants and, on that basis, the President of the Appeals Board dismissed the claimant's appeal. Mrs Feldbrugge challenged the President's decision first before the Appeals Board and then before the Central Appeal Board, but to no avail. Then she complained to Strasbourg.

The Court of Human Rights found that the procedure before the President of the Appeals Board did not allow proper participation of the appellants. In particular, the President neither heard Mrs Feldbrugge nor asked her to file a written pleading.

The Strasbourg court concluded on May 29 that the procedure represented a breach of Article 6, paragraph 1, of the European Convention of Human Rights, which requires: "In the determination of his civil rights and obligations . . . everyone is entitled to a fair and public hearing within a reasonable time by an independent and impartial tribunal established by law."

The requirement of "hearing within a reasonable time" was also at issue in the second case decided on the same day. It concerned a complaint by Mrs Deumeland who was refused a widow's supplementary pension. Her husband died in 1970, after he suffered a thigh fracture. He slipped on snow, returning from a medical consultation. The final decision of German courts, that this was not an industrial accident, was handed down in 1981.

The Strasbourg court concluded that the delay of almost 11 years before the German courts reached a final decision was an infringement of Article 6 of the Convention. The issue was simple and could be decided on facts. But the court noted that the applicant did not display the diligence expected of a party to litigation of this kind.

In both cases the admissibility of the complaint under the human rights convention depended on the civil nature of the claim. The law on which the claims were based had some features of public law. The industrial accident insurance was compulsory and carried by public or semi-public institutions. On the other hand, both cases had affinities with ordinary insurance, traditionally governed by private law. The authorities did not act in the exercise of discretionary powers and the claims were those of a private individual. There was a link between the claims and the contract of employment. The court concluded that the civil character of the disputes prevailed.

This conclusion seems to have opened a new field for the activities of the Strasbourg judges and we are bound to hear more of them in social security cases.

* *Opinion, June 10 1986 (case 79/85).* † *Case 66/85, Judgment July 3 1986.* ‡ *Opinion, June 17 1986.* § *Opinion, April 15 1986.*

Kleinwort Benson surges to £58m

BY NICK BUNKER

Kleinwort Benson Lonsdale, the UK's largest merchant banking group, more than doubled its pre-tax profits to £57.7m in the first half of 1986.

The news prompted a 25p rise in the share price, which closed at 740p in London last night.

Mr Michael Hawkes, chairman of Kleinwort Benson Ltd., the merchant bank, stressed immediately that the increased earnings, struck after a transfer to hidden reserves, came from an all-round strong performance rather than from a temporary boom in corporate finance activities.

In March, Kleinwort's annual figures showed a 1985 pre-tax profit of £60.3m, a 35 per cent rise on 1984.

Mr Hawkes said he was now "pretty optimistic" about the second half.

In the six months to June 30 1986, the group's merchant banking activities made a pre-tax profit of £55m (£31m). About 20 to 25 per cent of this came from corporate finance, Mr Hawkes said.

The group participated in 30 completed mergers and acquisitions, equal in volume to those of its rival merchant bank, Morgan Grenfell.

The merchant banking figure also included profits from banking, foreign exchange dealing and securities operations, each of which contributed about 25 per cent.

Grieveson Grant, Kleinwort's London stockbroking subsidiary, made £10m pre-tax in the year ending April 15, significantly above the group's own forecast of £6m.

Five per cent of Grieveson's 1985 profit was taken by Kleinwort, in line with its limited holding preceding its move to full ownership of the firm this spring.

Grieveson's profits since then have been put towards the £12m cost of a new 350-position dealing room at Kleinwort's London headquarters.

Pre-tax profits from the group's investment management and unit trust operations rose 14.6 per cent to £6.4m, including a contribution from the group's associate M and G, the unit trust group.

Bullion broking by the group's subsidiary Sharps Pixley contributed £3.65m, a 119 per cent improvement on the first half of 1985. It reflected a particularly large order for 300 tons of gold, believed to come from the Japanese Government seeking metal for commemorative medals for the Emperor Hirohito.

The shipbroking subsidiary, Harley Mullion, was the only operation to record a loss.

The group is raising its interim dividend to 8p (6p) and proposing a none-for-two scrip. Its capital base has risen to £572m, boosted by the raising in June of $125m in primary capital.

See Lex

Bestobell forecasts profit leap

By Charles Batchelor

Bestobell, the engineering group which is fighting off a £84m takeover bid from Meggitt Holdings, yesterday forecast a near doubling of its 1986 profits and promised a 150 per cent rise in its dividend payments.

It launched a strong defence of its recent efforts to improve its performance, including several senior management changes, and attacked Meggitt for what it claimed was a failure to develop its recent acquisitions.

Mr David Ingman, Bestobell's chairman and chief executive, said: "Bestobell has a new management, a reshaped board and a clear business strategy. Our recovery is well advanced and our prospects are excellent. Meggitt's offer fails to recognise any of this."

Bestobell reported that its pre-tax profits had doubled in the first half of 1986 to £4.6m and forecast they would rise by 93 per cent to not less than £9.8m in the year as a whole.

Earnings per share are expected to be at least double 1985 and after paying an interim dividend of 6p it expects to pay not less than 15p in the full year.

Mr Ingham described Meggit's arguments that there would be a commercial fit as "illusory" and said Meggitt's view that companies should be product led had been tried before at Bestobell and failed. Bestobell's geographically-based management structure was more effective, he said.

Mr Ingman said Sir Owen Green, who is backing the Meggitt bid with BTR's 29 per cent stake in Bestobell, had refused a meeting to allow Mr Ingman to explain his management strategy.

Meggitt has offered four of its own shares for each Bestobell share. The share offer was worth 520p yesterday. There is an underwritten cash alternative worth 500p for each Bestobell share.

Securicor advances to £7.3m

PROGRESS in all trading activities enabled the Securicor Group to lift its profits from £6.51m to £7.31m pre-tax for the half-year ended March 31 1986.

The directors said, favourable progress was continuing in the second six months.

First-half earnings improved from 2.6p to 3p and the interim dividend is being stepped up from an adjusted 0.3p to 0.33p net per 25p share.

Turnover pushed ahead to £170.36m (£149.84m) of which £150.44m (£131.03m) came from the UK operations.

Pre-tax profits were made up as to security, communications and parcels, UK £3.94m (£3.29m) and overseas £1.26m (£1.03m); finance, investments and insurance £1.35m (£1.62m); and property, hotels and vehicles divisions £763,000 (£577,000).

The downturn in income from finance was again due to the redeployment of the rights issue proceeds.

Tax accounted for £3.1m (£2.95m) and left net profits at £4.22m, compared with a previous £3.57m. Minorities took £1.59m (£1.35m).

The directors said that the cellular radio network, conducted in partnership with British Telecom, was expanding at a rate in excess of expectation. They pointed out, however, that conditions in the market place were competitive.

At Security Services, the group's 50.77 per cent owned subsidiary, progress was also seen in all trading activities and profits at the pre-tax level showed an improvement of £669,000 at £5.83m.

Earnings amounted to 3.3p (2.8p) and the interim dividend is being lifted to 0.692p (0.629p adjusted).

The company made further headway with its overnight express parcels business and was encouraged by the reception to its newly-introduced overnight letter service.

The service side achieved a substantial improvement overseas with pre-tax profits rising by 23 per cent to £1.26m.

● comment

The Siamese twins Securicor and Security Services have long since diversified from their cash guarding activities, which bring them into contact with some very nasty people with shotguns and push up their insurance premiums. Holy grail for investors for some years has been the Cellnet system, developed jointly with British Telecom. The competition to provide phones and networks to anxious traders stuck in their Porsches on the M4 has been quite fierce but Securicor expects a shakeout in the market shortly and to move into profit next year. That will also be the year for development of the Band III mobile radio and of the advanced land navigation system. In the meantime, the hard core of the business is the delivery of parcels and letters which showed improved margins in the first half. With overseas profits holding up well, pre-tax profits of £16m for the full year look possible for the group and £12m for the services company. That puts the shares, at 112p (group) and 105p (services) on prospective p/e's of 15.5 and 14.5 respectively. Those are ratings which reflect the long rather than the short-term prospects.

FII planning major footwear acquisition

BY LIONEL BARBER

FII Group, the South Wales shoe manufacturing and medical instruments company, which supplies Marks and Spencer, is expected to announce a major deal today which will double its size and make it one of the UK's largest footwear manufacturers.

The proposed acquisition is understood to be a private company which is also a Marks & Spencer supplier.

FII's shoe business provides the bulk of group profits. But FII also makes laboratory equipment and has a merchanting subsidiary. Last November, FII opened a third edge-of-town store in Cardiff, establishing a position as a shoe retailer.

FII lifted pre-tax profits by 31 per cent to £1.06m on turnover of £8.74m for the six months to November 30, 1985. Yesterday, FII's shares were suspended at 345p, capitalising the company at £15.45m.

The deal expected to be announced today will effectively double the group's annual sales and create a new group with a market capitalisation of around £30m.

FII is a major Marks and Spencer supplier through its Fiona Footwear subsidiary. Last year, FII said it was building a new factory for Fiona Footwear to provide more capacity to meet rising demand.

This move was part of a £4.4m project to reorganise and expand its footwear business which is based in Bridgend, South Wales.

Evered sale raises £0.3m

Evered Holdings, the manufacturing conglomerate run by the Abdullah Brothers, has raised £320,000 from the sale of assets owned by its subsidiary Brockhouse Berry.

Evered recently failed to sustain its rapid growth by acquisition when it narrowly missed winning control of McKechnie Brothers, the Midlands manufacturer.

The assets are being bought by British Spring, a wholly owned subsidiary of United Spring & Steel.

LONDON & Gartmore Investment Trust net asset value increased to 355.4p for the year ended June 30 1986, against 283.5p. The dividend is 2p, compared with 2.5p which included a special payment of 0.75p. Revenue was £143,947 (£199,766) before tax of £53,245 (£65,958). Earnings per share are shown as 2.13p (3p).

Maxwell appeal over Extel rejected

By Terry Povey

THE FULL Takeover Panel yesterday turned down an appeal by Mr Robert Maxwell and upheld its previous decision barring him from bidding for Extel Corporation for a year.

In the controversial May decision the full Panel had overruled its own executives and found that Mr Maxwell was acting in concert with the Demerger Corporation when the latter had made its £170m bid for Extel which lapsed on April 28.

The Panel then ruled that Mr Maxwell, who still holds a 13 per cent stake in Extel through Priory Nominees, could not bid for the financial and horse racing, printing and publishing group as under the Takeover Code it is not possible to bid for the same target company twice within a twelve month period.

Yesterday the Panel rejected arguments over the interpretation of the rules from merchant banker N M Rothschild, who appeared on Mr Maxwell's behalf.

The bank is believed to have said that as Demerger no longer owned any shares than the concert was now defunct and that therefore the rule on re-bidding should not apply.

Instead, the Panel has stuck by its earlier ruling—the effect of which is to treat those acting in concert with others in the course of a takeover bid as if they had made the bid themselves.

Any new bidders would also be blocked if they were deemed to be acting in concert with any of the parties to the original offer within the 12 month period.

In a statement the Panel said that it had met at Mr Maxwell's request and considered the interpretation of the Code.

However, while Mr Maxwell was no longer acting in concert with Demerger he "continues to be subject to the restrictions of rule 35.1."

GKN profits warning lops 56p off shares

SIR TREVOR HOLDSWORTH, chairman of GKN, the UK's leading engineering group, warned yesterday that despite a £4m advance in profits at the six months' stage it would be difficult to realise an improvement for the year as a whole.

The City reacted to the warning and by the close of business the group's shares were showing a fall of 56p at 290p, after touching 288p.

Sir Trevor explained that during the second quarter some adverse economic and market trends had begun to emerge which were likely to continue to affect GKN in the coming months.

General economic growth for some of the major developed countries had been lower than expected and certain group markets — for example, agricultural equipment, commercial vehicles and, in the UK, steel stockholding — had deteriorated further.

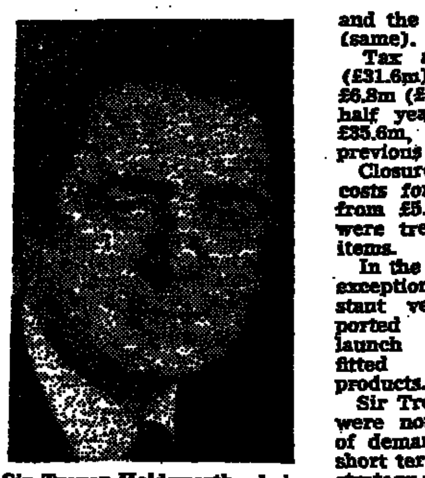
The world market for passenger cars had remained reasonably strong, but the overall consequence was that trading results of the group's three main regions were mixed, with an increase in Continental Europe being offset by falls in the UK and North America.

Looking ahead, however, Sir Trevor said the fundamental strengths of GKN together with the action being taken to develop new products and further increase its competitiveness should enable profits to resume their upward trend in 1987.

Meanwhile from earnings of 15p (13.7p) the interim dividend for the six months to end June 1986 is being lifted by 0.5p to 5p net per £1 share.

Turnover for the period totalled £1.09bn (£1.16bn) and at the trading level profits showed a decline of £2.5m at £83.1m.

Pre-tax profits were struck after adding in income from investments and interest receivable of £1.7m (£1.8m) and a £10.8m (£5.6m) share of profits of the related companies and deducting interest charges of £21.1m (£22.5m).



Sir Trevor Holdsworth, chairman of GKN

A divisional breakdown of trading profits shows: automotive components and products £58m (£56m), wholesale and industrial distribution £9m (£15m), and industrial services and supplies £12m (£10m).

There was also a £4m (£5m) contribution from steels and forgings. However, this sector was included for the two halves of 1985 but for only the first quarter of 1986 because the businesses became part of the related company, United Engineering Steels, from end-March.

Trading profits by region of origin were: UK £14m (£17m), continental Europe £40m (£34m), America £22m (£27m), and the rest of the world £3m (same).

Tax accounted for £32.1m (£31.6m) and minorities for £6.8m (£6.3m). Earnings for the half year worked through at £35.6m, compared with a previous £32.6m.

Closure and restructuring costs for the six months rose from £5.4m to £25.3m. These were treated as extraordinary items.

In the US GKN enjoyed quite exceptional demand for its constant velocity products, supported by the successful launch of new car models fitted with its driveline products.

Sir Trevor said the directors were not expecting this level of demand to continue in the short term and, as part of their strategy for securing renewal of long term supply arrangements, had committed themselves to lower price levels.

The autoparts distribution activity suffered from lower volume and severe price competition.

The results of the automotive components operations in continental Europe were augmented by first-time contributions from acquisitions and by currency gains.

In the UK, the industrial service companies continued to progress but adverse economic and market trends particularly affected group companies supplying the commercial vehicle and agricultural equipment industries and steel through the stockholding network.

The improvement in the results of the related companies was mainly due to further progress in Allied Steel and Wire.

For 1985 as a whole GKN returned profits of £132.7m (£120.2m) pre-tax.

See Lex

Blacks Leisure in bid talks

Blacks Leisure Group, the sporting equipment retailer, announced yesterday it was in discussions which might lead to a bid being made for the company but that any offer would be at substantially less than Blacks' current market value.

Blacks' 10p shares slumped 4p to 6½p yesterday to value the group at £3.2m.

The board said it was seriously considering the proposals which had been put to it by an unidentified party. Blacks has forecast a return to profit this year after losing £1.25m in the six months ended August 1985.

Philip Hill on course for change to a fund

BY DAVID GOODHART

The underperforming Philip Hill Investment Trust headed by Lord Keith, is facing a revolt by its main shareholders which is almost certain to lead to its transformation into a UK equity index-linked fund.

Barclays de Zoete Wedd Investment speaking for 56 per cent of investors — including Eagle Star, Prudential, Standard Life and Save & Prosper—will manage the index-linked fund until the planned liquidation in 1991.

The investment trust saw its net assets rise by only 10 per cent in the year to March 31 compared with the 31 per cent improvement in the FTA All Share Index over the same period.

However, one of the main reasons for the under-performance is the £50m stake in Beecham which accounts for just under one-sixth of the total fund. Lord Keith has recently been responsible for management shake-ups at Beecham and STC.

The future of Lord Keith, chairman of the trust and the whole board of directors remains uncertain. One of the purposes of index-linked trusts is to reduce management costs and some of the directors are likely to depart if the changes go through.

But Mr John Padovan, head of corporate finance at Barclays de Zoete Wedd, said yesterday "There is no suggestion of confrontation we are not seeking board changes."

He added that the shareholders supporting the move all find it convenient to have a tranche of their holdings in indexed funds.

The board of Philip Hill will be meeting shortly to advise shareholders but Barclays de Zoete is expected to post notices of a special shareholders meeting by the end of this month and hopes to have the changes implemented by the end of September.

Marina shares start trading at 18% discount

By Richard Tomkins

Shares in Marina Development, the marina operator which had a poor response to its offer for sale last week, tumbled to an 18 per cent discount when dealings began on the unlisted securities market yesterday.

Some 5.5m shares, or 72 per cent of the equity, had been floated off at 110p a share. Dealings opened at 90p yesterday and the shares closed at the same price without movement in either direction.

The offer for sale, which valued the company at £8.2m, attracted applications for 51 per cent of the shares, and most of these went to institutions which had undertaken in advance to subscribe for them.

The joint sponsors, Kitcat & Aitken and Guidehouse, blamed a combination of adverse market conditions and a poor response from boat owners for the low level of subscription.

Marina Development is one of the largest marina operators in Europe and is Britain's only independently quoted operator.

Saatchi offsets US client losses

Saatchi & Saatchi, the advertising agency, said yesterday that the loss of billings suffered since its $450m takeover of Ted Bates agency of the US was announced, had been almost entirely offset by new business gains within the group during this period.

Mr Maurice Saatchi, chairman, told an extraordinary general meeting, which approved the acquisition, that these gains included new assignments from Xerox, Procter & Gamble, Campbell's Soup, Mars, Chase Manhattan Bank and Johnson & Johnson.

Clients who have left Ted Bates since the deal was announced include R. J. R. Nabisco, Warner Lambert and Colgate-Palmolive.

Mr Saatchi said net business losses amounted to well below 1 per cent of world billings—"a reasonable price to pay for the market position of great strength we have established."

He added that the group was performing well up to expectations in the current year.

DIVIDENDS ANNOUNCED

	Current Payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Sidney C. Banks	8	—	6.75	11.5	10
GKN ....int	5	—	4.5	—	12
Kleinwort Benson int	8	—	6	—	18
Lon & Gartmore	2	Oct 17	‡2.5	2	‡2.5
Oceonics	nil	—	0.75	nil	0.75
Property Security	1.5	Oct 1	*1.25	2.5	*2.08
Relyon ....int	1.8	Oct 6	1.65	—	4.65
Rotork ....int	2.7	Oct 24	2.4	—	5.4
Securicor ....int	0.33	Sept 30	*0.3	—	*0.97
Security Services ...int	0.69	Sept 30	*0.63	—	*2.61
Smith & Nephew ...int	0.83	Oct 7	*0.7	—	*2.33
Yorks Chemicals ...int	1.5	—	nil	—	3

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. ¶ Includes special payment of 0.75p.

Public Works Loan Board rates

Effective August 6

Years	Quota loans repaid by EIP† %	Quota loans repaid At‡ %	Quota loans repaid at maturity§ %	Non-quota loans A* repaid by EIP† %	Non-quota loans A* repaid At‡ %	Non-quota loans A* repaid at maturity§ %
1	—	—	10	—	—	10¼
Over 1, up to 2	9¼	9¼	9¼	10¼	10¼	10¼
Over 2, up to 3	9¼	9¼	9¼	10¼	10¼	10¼
Over 3, up to 4	9¼	9¼	9¼	10¼	10¼	10¼
Over 4, up to 5	9¼	9¼	9¼	10¼	10¼	10¼
Over 5, up to 6	9¼	9¼	9¼	10¼	10¼	10¼
Over 6, up to 7	9¼	9¼	9¼	10¼	10¼	10¼
Over 7, up to 8	9¼	9¼	9¼	10¼	10¼	10¼
Over 8, up to 9	9¼	9¼	9¼	10¼	10¼	10¼
Over 9, up to 10	9¼	9¼	9¼	10¼	10¼	10¼
Over 10, up to 15	9¼	9¼	9¼	10¼	10¼	10¼
Over 15, up to 25	9¼	9¼	9¼	10¼	10¼	10¼
Over 25	9¼	9¼	9¼	10¼	10¼	10¼

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

UK COMPANIES

Smith & Nephew climbs to £37m

A FURTHER advance in the second quarter took half year profits at Smith & Nephew Associated Companies up by £6.6m to £37m.

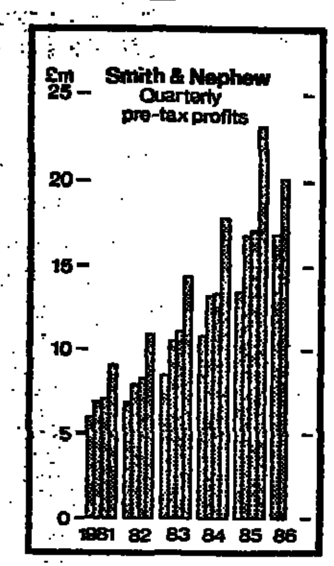
With the second quarter producing just over £20m, compared with just under £17m last time, Mr Kenneth Kemp, the chairman, said that "the board is confident that the group will continue its progress in the second half."

Earnings per 10p share for the 24 weeks to June 14 1986 advanced from 2.53p to 3p and the company yesterday declared a higher interim dividend of 0.83p, compared with last year's scrip issue adjusted 0.7p.

Mr Kemp said that medical activities in the UK traded at satisfactory levels despite reduced demand from hospitals. Export sales showed some improvement from 1985's depressed levels, with sales to Europe and to the Middle East achieving higher levels.

Textile operations were buoyant and in the consumer division, feminine hygiene products attained better than expected results.

Overseas, medical product activities in the US continued in line with expectations; disposable gloves and generic pharmaceuticals performed particularly well.



The chairman said that industrial tapes again experienced very difficult trading conditions but signs of improvement "were evident towards the end of the period."

In Canada, reorganisation of the surgeon's glove business resulted in improved margins but profits from consumer and other hospital business showed no improvement.

All Australian activities showed considerably improved profits, but a weak rand offset an advance in South Africa.

Group sales for the 24 weeks rose from £204.4m to £212.1m, although Mr Kemp said that the advance would have been 13 per cent, and not 3.8 per cent, but for weakening currencies.

Net cost of borrowings were cut from £2m to £0.5m, reflecting lower interest rates, the company's issue of $60m of convertible bonds and a satisfactory operating cash flow.

However, capital expenditure is expected to be higher in the second half and slightly increased bororwings are anticipated. The company said that borrowings were below 10 per cent of shareholders' equity.

● comment

Yet another good set of results from Smith & Nephew, which turns in 20 per cent growth so often that the market seems to get bored with it. Yesterday, the shares were marked down 3p to 120p. The only black spot was a relatively poor performance from the UK medical division as hospitals destocked. Elsewhere the star performers were textiles, health care and the personal hygiene division. Around 60 per cent of the textiles division's goods are sold in-house and thus the division should show another good performance in the second half. Although there is slightly more of the summer in the second half, the weather is unlikely to allow the toiletries division to benefit from increased sales of suntan creams, but the plastics and tapes division should show some pick-up. Overseas, substantial growth in the sales of surgeons' gloves was masked by the unfavourable exchange rate movement. Pre-tax profits of £86m look possible which puts the shares on a prospective multiple of 18.4. Many have said in the past that Smith & Nephew was related too highly but the company has consistently produced the growth to justify the rating.

Losses force Memcom to reduce rights price

BY RICHARD TOMKINS

Memcom International, the troubled electronic filing system maker quoted on the USM, has had to cut the price of the rescue rights issue it proposed in June because of mounting losses and a continued slide in its share price.

The company revealed that pre-tax losses for the year to last April were estimated to have totalled £2.9m, compared with profits of £1.1m the year before. Turnover was estimated to have fallen from £7.6m to £1.6m.

Memcom said it did not have enough orders to forecast a return to profit this year and that the outcome for the period would be highly dependent on the inflow of orders over the next six months. The company's shares closed unchanged at 23p.

The rights issue was originally proposed in June when Memcom reached the limit of its borrowing powers. It was aimed at raising £2.3m net to eliminate £1m of debt and provide the company with working capital.

The revised issue will raise the same sum, but the price of the one-for-five issue of ordinary shares has been cut from 40p to 30p. The balance will be made up by a larger issue of 10 per cent convertible secured loan stock than planned: some £2.16m of stock will now be offered at £2.10 of stock for every five ordinary shares held.

The rights issue is underwritten by two Saudi Arabian companies associated with Memcom directors — Moseco, managed by Mr Zohair Awartani, and AMS, managed by Mr Khalil Niazy. These two directors are also associated with the loans to Memcom and are also actively involved in promoting the company in the Middle East.

Mr Keith Whitten, Memcom's chairman, said yesterday that the appointment of Mr Ian Nixon as finance director had improved financial controls and that significant cost savings had been achieved through staff cuts and the assignment of the lease of the company's Watford office.

"Deliveries of 30 Ovionic cameras to fulfill orders in Saudi Arabia have already commenced and every effort is being made to secure further contracts," he said.

Rotork makes headway to £2.6m in first half

INCLUDING results of Protech for the half year, taxable profits of Rotork, valve control equipment and machine tool maker, moved ahead to £2.55m for the period ended June 30, 1986, compared with a previous £2.1m. Turnover increased from £13.83m to £15.84m.

After tax of £920,000 (£860,000) earnings emerged at £1.63m against £1.24m, but on enlarged capital the per share value was shown down from 6.1p to 5.7p.

The interim dividend for shareholders, is lifted from 2.4p to 2.7p — last year's final payment was 3p from pre-tax profits of £5.46m.

The directors said that after a firm start, the valve actuator business, particularly in Canada and the US, experienced a weakening of demand following the steep fall in oil prices.

While the fall in oil prices and the Chernobyl incident has had an adverse effect on activities of both Rotork Controls and Protech, this has been tempered by the strength of the water and waste treatment markets, directors report.

● comment

This time last year Rotork bandied about the acquisition of Protech as the panacea for all its problems. The core valve actuator business was safe, but stolid, and diversifying into instrumentation looked like an opportunity to move into a more fertile market. Yet the welling of anti-nuclear sentiment after Chernobyl could cause delays in orders during the second half and although Protech should increase profits this year, the pace of increase will be more modest than Rotork had expected. This, combined with prolonged problems at Jacques and the impact of the falling oil price on actuator sales to the US oil industry, prompted a fall in the share price of 6p to 122p yesterday. Given that Rotork has maintained its share of existing markets and is nurturing new markets in water treatment and sewerage, there is little the company can do until the macro-economic trends that militated against it turn in its favour. The City expects profits of £6m for the full year, thus the prospective p/e at 9 already allows for potential problems.

COMPANY NEWS IN BRIEF

MICRO FOCUS Group was cash positive in the first half of the current year, Mr Brian Reynolds, chairman, told members at the annual meeting.

Priority in the second six months would be to gain new contracts. The chairman added that the US subsidiary achieved a cash surplus and was now fully self financing.

MELDRUM Investment Trust net asset value per share was 276.8p for the six months to June 30 1986, compared with 234.6p as at December 31 last. The interim dividend is up from 2p to 2.2p net. Pre-tax revenue rose from £876,000 to £966,000. After tax of £287,500 (£275,000) earnings per share are shown as 3.37p (2.98p).

WILLIAM SINCLAIR Holdings, plant breeder and seed specialist, has acquired the Fyba Pot Company. Consideration was satisfied by the issue of 58,166 ordinary shares and £136,724 in cash. Fyba's net assets as completion were £123,000.

HOBSON—Mr David Stewart, director, has sold 1m cumulative rights ordinary shares to Mr Rodney Harnett, chairman; disposed of a further 700,000 cumulative rights ordinary; is applying to take up his rights in 360,000 new ordinary. The transactions will reduce Mr Stewart's holding from 2.6m to 1.26m (4.8 per cent of the enlarged capital).

THE Bournemouth and District Water Company, which supplies water to a resident population of about 256,000 over an area of 136 sq miles, is raising £2m through an issue of 10½ per cent redeemable debenture stock 1996. Brokers to the placing are Seymour Pierce. The issue is pitched at a level which offers an income advantage of about 97p over the redemption yield of the equivalent gilt, and is aimed at investors and trustees looking for a sound yield without going to a long date.

OUTWICH INVESTMENT Trust is holding talks which may lead to proposals which could include unitisation, in whole or part, being put to shareholders.

AMERSHAM International's chairman, Sir John Hill, told the annual meeting that, as always, profits would be subject to the impact of exchange rates. These had been slightly favourable so far this year, but it was too early to say whether that would continue. He said commissioning was progressing well for the new cyclotron to come on stream this autumn. Since the year-end five product divisions had been created from three and the new structure was functioning smoothly.

SHERATON SECURITIES International's rights issue of 22.81m new ordinary shares at 44p was taken up as to 95.4 per cent. The balance will be sold in the market at 46p and the net premium distributed to holders who did not take up their entitlements.

TEX HOLDINGS has bought Technopipe for an initial payment of £98,807, equal to the net tangible assets at December 31, 1985, and further payments up to a maximum of £248,807 cash. In 1985 Technopipe reported pre-tax profits of £58,612.

Yorks. Chemicals leaps to £1.4m

ALTHOUGH MARKET conditions during the first half of 1986 were similar to those of the same period last year, increased efficiencies, including more effective use of working capital, enabled Yorkshire Chemicals to more than double interim pre-tax profits from £648,000 to £1.36m.

Mr Alan Martin, the chairman, said demand for the group's products was improving throughout the world and the trading outlook was currently more favourable than for some years.

Provided that sterling remained close to present parities, he was confident that pre-tax profits for the full year would substantially exceed the 1985 level of £1.83m.

To underline the board's confidence in the future, the company is paying an interim dividend of 1.5p net — its first half-yearly payment since 1979. Last year, a single distribution of 3p was made.

Turnover of this Leeds-based maker of dyes, tanning materials and speciality chemicals, rose by 8 per cent from £17.65m to £19.1m, in the six months to June 30. Advances were achieved by each operating division, with overseas sales growth particularly strong and accounting for £15.44m (£14.12m).

The impact of exchange rates on pre-tax profits was broadly neutral with the advantage of a more competitive pound against other European currencies, offset by the continuing weakness of *both* the US and Australian dollar.

Short term borrowings were appreciably lower than in the first half of 1985 in spite of an increased level of capital spending.

Net interest charges decreased from £407,000 to £322,000. After tax of £281,000 (£75,000) net profits were ahead from £573,000 to £1.08m. Ordinary and preference dividends absorb £207,000 (£5,000).

Stated earnings per 25p share advanced from 4.2p to 7.9p.

● comment

Yorkshire continues to crank further efficiencies out of its mainstay colours division with operating profits up by over a fifth from a sales increase of just 7 per cent. But the speciality *chemicals division* has surprisingly stumbled. After last year's five-fold increase in profits its contribution in the half year fell by 15 per cent at £445,000. Sales were not up to expectations, partly reflecting capacity problems although the largest single factor behind the setback was the weakness of the US dollar. The Australian dollar was no more help, but at least a strong underlying performance — a 40 per cent sales increase in local currency— enabled sterling profits to leap by 85 per cent. Currencies remain one of the group's obvious problems and with hindsight some of its forward hedging could have been struck at better prices. Nevertheless profits this year should come out around £2.7m with another £½m or so in 1987 to drop the modestly placed earnings multiple through 10½ to under 9 at 147p.

Relyon up 49% in first half

Relyon Group, a maker of mattresses and divans, hoisted pre-tax profits by 49 per cent from £805,000 to £1.2m in the first half of 1986, on turnover 16 per cent higher at £12.49m, against £10.74m.

Mr John Smith, the chairman, said the results were in line with expectations. The year began with a strong order book for Relyon beds and thus ensured a good start to 1986.

Pritex had also seen an increase in demand this year following in the wake of its strong product *development and* Mr Smith was confident that this could be maintained in the coming months.

Photo-Scan continued to reduce losses while adding to the pool of future rentals receivable. With the factory development at Wellington recently completed, the chairman said prospects for the second half *were good*.

Stated midyear earnings per 25p share increased from 3.99p to 6.36p and the net interim dividend is stepped up to 1.8p (1.65p).

At the operating level, profits moved ahead from £728,000 to £1.09m.

Stock Conversion lifts Stockley

Stockley, the property investment and development group, yesterday revealed that its profits for the first half of the 1985-1986 year had risen from £1.15m to £4.45m.

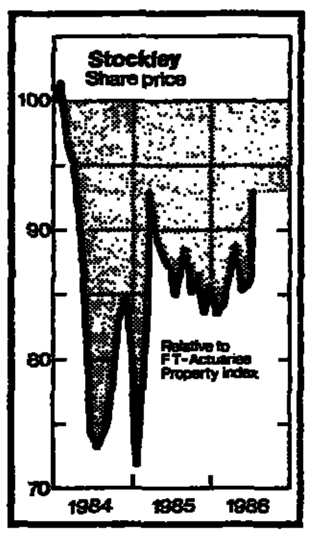
However, Mr Ron Peet, the chairman, pointed out that the results took in a £4.88m share of the profits of Stock Conversion, the investment acquired in June 1985 and recently sold to P & O following a bid by that company for Stock Conversion.

He said no further share of the results of Stock Conversion would be incorporated in Stockley's results and that as the proceeds of the sale were not received until last month, group profits for the second half of the year would not necessarily be at the same level.

The sale proceeds, net of expenses, exceeded the original cost by £16.6m.

After allowing for the group's share of Stock Conversion's retained earnings which were reflected in the accounts for the year to November 1985 and the six months to May 1986 the balance of £13.4m will be treated as an extraordinary gain in the current year's accounts, less any tax that might become payable.

Mr Peet said the proceeds had produced substantial cash resources. These had been used in part to repay borrowings of *some £66m with the balance*, amounting to around £34m, currently held in short term investments.



The contribution from Stock Conversions was in respect of the seven and a half months to mid-May 1986.

Stockley's first half results (to May 31 1986) also benefitted from rental income from the property *portfolio* acquired from the European Ferries Group in May 1985.

In total, the group raised its gross income for the period *from* £1.47m to £6.65m. As well as the Stock Conversion contribution the figure included net rents, receivable amounting to £1.59m (£413,000), profits on the sale of properties totalling *£98,000 (£967,000)* and interest receivable just £6,000 higher at £92,000.

Pre-tax profits were struck after deducting £843,000 (£287,000) for administration expenses and £1.36m (£32,000) for finance costs.

Tax took £1.77m (nil) to leave net profits at £2.68m against a previous £1.15m.

Earnings emerged at 1.02p (0.98p) per 10p share but the directors said yesterday that they had decided against payment of an interim dividend. They will consider payment of a final at "the appropriate time."

Oceonics dives into losses of £8.7m

By Alice Rawsthorn

OCEONICS, the marine defence and electronics group, emerged as another victim of the oil shock yesterday when it announced pre-tax losses of £8.73m for its last financial year. There is no dividend compared with 0.75p last time.

Although losses were offset by extraordinary profits of £3.3m they are compared to pre-tax profits of £3m in the previous year. The company produced an operating loss of £7.25m in the year to March 31, which comprised of a loss of £4.67m from its retained businesses and a loss of £2.57m for businesses closed or sold in the year. Turnover fell from £70.4m *to £44.85m*.

The company implemented a radical rationalisation programme in the course of the year. This included cutting central costs, reducing the workforce from 1,500 in spring last year to 500 today and a series of disposals.

Oceonics sold its defence interests to Adwest in January, producing an extraordinary profit of £5.2m. It also sold Valeport and Comap, the recently acquired US oil field surveyor which lost £3m last year. These disposals followed Oceonics unsuccessful *attempt to solicit a* friendly takeover bid in spring 1985.

The board anticipates further losses in the current year, although the management hopes that there will be no need for further job losses or disposals.

Oceonics now plans to concentrate resources on developing the information technology *division which it began to build* up three years ago and which operated at a small loss last year. Information technology, which includes fibre optics, video conferencing and satellite reception, was originally perceived as a long-term investment, but the board will now accelerate its development in order to reduce reliance on the *oil industry*.

The company also announced the appointment of Mr Peter Laister, former chairman of the electronics group Thorn-EMI, as its chairman yesterday. On his appointment Mr Robert Aird, the former chairman, becomes deputy chairman and chief executive.

● comment

The Oceonics strategy of reducing reliance on the oil industry by cutting costs in the offshore division while developing onshore activities seems sound enough. Yet the new divisions will take time to develop and, at best, should provide 25 or 30 per cent of sales next year. Further losses of £2.5m or so seem inevitable. When Oceonics put itself up for sale 18 months ago there was an embarrassing shortage of suitors. It seems equally unlikely that a suitable suitor will emerge this time *around. But with a second* year's losses taking their toll on shareholders' funds and a recovery programme that is certain to need extra investment, Oceonics will, sooner or later, need a new injection of cash. A capital reconstruction programme looks like the likeliest option. And the share price, which fell by 2p to 18p yester*day compared to 140p before* the unsuccessful "sale," is unlikely to recover until it happens.

Yearlings total £8m

Yearling bonds totalling £8.05m at 9⅞ per cent, redeemable on August 12 1987, have been issued by the following local authorities: Central Scotland Water Development Board *£1m; Portsmouth (City of) £1m;* Kirklees Metropolitan Borough Council £2m; Dudley Metropolitan Borough Council £0.75m; Tameside Metropolitan Borough Council £1.5m; Derwentside District Council £0.5m; Swansea (City of) £1; Wansbeck District Council £0.3m.

BANK of Scotland offer for Commercial Bank of Wales has become unconditional in all respects. Acceptances received total 18.99m ordinary or 79.1 per cent. The offer and loan note alternative—of the total 7.57m were in respect of the loan note—will remain open until 3 pm on August 28.

WHITECROFT, a textile and building supplies group, has extended until August 20 its takeover bid for Eleco, construction and property group, having received acceptances covering 1.7 per cent of the shares by its latest closing date.

CHARTERED TRUST, the UK instalment credit subsidiary of *Standard Chartered, raised pro*fits before tax by 46 per cent to £5.89m for the six months ended June 30, 1986.

Rodime warns of year end loss as results weaken

BY TERRY POVEY

Rodime, the Glasgow-based manufacturer of hard discs for computers, has reported sharply lower pre-tax profits for the *nine months to June*. Mr Bill Batchelor, the finance director, said that the weakening trend in the company's trading performance could lead to an operating loss for the year to *September*.

For the nine months to June, profits of £853,000 were reported compared with £12.21m in the comparable period last year. The nine month figure included a pre-tax loss of £430,000 for the company's third quarter — in the three months to June 1985 a profit of £4.12m was reported. For the year to date, Rodime's net income from royalty payments, grants and foreign exchange gains has exceeded the contribution from operations.

After the results were announced Rodime's shares closed down 25p at 400p. When the Silicon Glen company was introduced to the London market in February the shares were quoted at just under £9.

Commenting on the fall in the share price, Mr Batchelor said that the market for them in London was very narrow, "a problem we will have to address at some point," and that most trading took place in the form of ADRs on the New York over the counter market. "We have solid backing from various US institutional shareholders who think we are worth a good deal more than current quotations," he added.

In a statement the company said that prices of its older disc drives, up to and including the RO 350 model, had been reduced and that spending on the development and launching of new products had increased. This was the reason for both the fall in turnover in the third *quarter, down to £15.38m from* £21.2m, and the operating loss, it said.

For the past six months the 3½ in hard disc drive units had overtaken the 5.25 in units for the first time in Rodime's history, *said* Mr Batchelor. Shipments of the RO 650 series of 3½ in machines have increased substantially over that for the previous quarter — many of them going on an OEM basis to Apple for inclusion in one of the US company's personal computers. The 3½ in is increasingly becoming the industry standard size.

Mr Batchelor added that the company was financially strong. As of June 30, cash and short-term deposits totalled £21.39m and net assets were £47.63m. The company's workforce was stable at around 740, he said. After-tax earnings per share in the ninth month period were 6.9p (38.9p) and for the third quarter alone a loss of 3.5p compared with earnings of 29.9p.

Property Security tops £5m despite interest rise

DESPITE a 19 per cent rise in interest charges because of increased borrowings, **Property Security Investment Trust**, property investment and dealing group, raised pre-tax profits by 14 per cent from £4.73m to a record £5.41m in the year ended March 31 1986.

The company said the year covered a period of increased activity, both in the development *of proposals for invest*ment and in the operations of dealing subsidiaries. To provide for those increases group borrowings rose from £52.4m to £63.4m.

The new borrowings, together with many of the existing facilities, were arranged on more favourable terms than hitherto and were, at the same time, extended *in duration* so that two-thirds of borrowings were now long term, the company explained.

Borrowings still represented a low ratio to total assets, so that the company remained in a strong financial position, both to continued development and to take advantage of opportunities. It remained its policy to fund all of its activities directly and to write off interest revenue.

As forecast, the final dividend is 1.5p for a net total up *from* an adjusted 2.083p to 2.5p, from stated earnings per 50p share of 6.92p (6.2p) before extraordinary items.

Net asset value at the year end was up *from 154p to 180p* per share.

Rents receivable in the period advanced from £8.46m to £7.62m. Property outgoings took £668,000 (£643,000) leaving net property income of £6.96m, against £5.82m.

Interest payable rose to £4.74m (£3.99m), but dealing profits added a higher £1.74m (£1.2m) and investment *income* was little changed at £1.96m (£2.02m). Administration expenses increased from £315,000 to £499,000.

After tax of £697,000 (£490,000) net profits came through ahead from £4.24m to £4.71m.

Non-grain activities lift S. Banks

Sidney C. Banks, grain and agricultural merchant, lifted pre-tax profits by 24 per cent from £1.94m to £2.4m for the year ended April 30 1986, despite a reduction in turnover from £123.31m to £108.57m.

The company attributed the increase to its ability to meet the *demands* for cereals and also the increasing contribution arising from the activities other than the trading of grain.

Harvesting has just started in the company's trading area, but it said it was too early to assess the quantity and quality *of the grain*.

After tax of £938,000 (£828,000) earnings per 25p share increased from 33.8p to 44.5p. The dividend total is stepped up to 11.5p (10p) net with a higher final of 8p (6.75p).

First-half profits were up from £1.15m to £1.21m.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: BPP, Barclays Bank, Davies and Metcalfe, Hickson International, Law Debenture, Royal Dutch Petroleum, Shell Transport and Trading, TI, TR City of London Trust.

Finals: Grosvenor Square Properties, William Jackson, Scottish English and European Textiles, Scottish and Mercantile Investment, Joseph Webb.

FUTURE DATES

Interims—	
BAT Industries	Sept 9
BBA	Aug 14
Bullers	Aug 14
Guardian Royal Exchange	Sept 3
Jaguar	Aug 18
Finals—	
McKay Securities	Aug 14
Stewart and Wight	Sept 11

Encouraging signs at Charter Consd.

Mr Neil Clarke, chief executive of Charter Consolidated, told the annual meeting that signs for the current year so far were encouraging.

He said progress made in reshaping the group, eliminating poorly performing businesses, reducing the level of borrowings, and seeking higher returns on capital, brought a useful improvement *in* profits in 1985-86.

In spite of a continuation of competitive trading conditions, forecasts indicated that the improved trend of operating profits in the manufacturing sector should be maintained, and he was looking to further growth in earnings.

Mr Clarke said that the objective was to achieve a *real* growth in earnings. Strategy had been to move away from holding relatively small investments in large companies and to concentrate on developing the operating businesses.

He disclosed that at the beginning of this month the net asset value of the group was £393m, or 378p per share, compared with £385m and 366p at the end of March.

COSALT has agreed to acquire the outstanding 28 per cent minority interest in Cosalt Halson Leisure, which owns the Beacon Fell View caravan park in north Lancashire. Consideration will be satisfied by the issue of 170,000 new ordinary, valuing the purchase at £175,950.

WARD WHITE Group has placed the control of its existing property portfolio and future property development in the UK into two new companies. Ward White Properties will hold and manage the UK retailing companies' freehold and long leasehold interests while Ward White Developments will be responsible for all future retail property developments in the UK, including current plans for the edge-of-town superstore programme for Halfords and Payless DIY.

Simmer and Jack Mines Limited

(Incorporated in the Republic of South Africa)

Interim Report

Report of Directors for the 6 months ended 30th June 1986

The unaudited results of the Company and its subsidiaries for the above period are as follows:–

	6 months ended 30th June 1986	6 months ended 30th June 1985	Year ended 31st December 1985
	R'000	R'000	R'000
Turnover	1,760	1,471	3,380
Royalties	433	523	1,596
Interest	366	664	1,188
Rents	319	273	564
Property Sales	633	—	—
Sundry Income	9	11	82
Operating expenses	332	327	599
Net Operating Income	1,428	1,144	2,781
Realisation of surplus on land sold to third parties	38	—	—
Net income before taxation	1,466	1,144	2,781
Taxation	735	597	1,424
Net income after taxation	731	547	1,357
Extraordinary items	449	50	103
Net income	1,180	597	1,460
Retained income at the beginning of the year	5,016	4,906	4,906
Distributable income	6,196	5,503	6,366
Dividends	—	—	1,350
Retained income at 30 June 1986	6,196	5,503	5,016

Capital Expenditure

There were no commitments for capital expenditure.

Notes

1. Royalty income was lower as a result of increased operating costs. Negotiations are taking place with regard to the exploitation of the Shallow Reefs.
2. The reduction in interest income follows the sharp fall in interest rates.
3. Property income has increased as a result of the proclamation of three industrial townships, namely Jupiter Extension 4, Germiston Extension 20 and Germiston Extension 28. While the majority of these stands were sold prior to proclamation, transfers continue to be registered at this time. It is expected that the balance of payments due being approximately R1,264 million, *will be received during the current six months.*

SIMMERGO

Results for the six months period are as follows:–

	6 months ended 30th June 1986	6 months ended 30th June 1985	Year ended 31st December 1985
	Tons (000)	Tons (000)	Tons (000)
Sand treated	1,041	1,004	1,714
Ore milled	78	28	92
Acid production	12	11	19
Gold production	918kgs	870kgs	1,703kgs
	R'000	R'000	R'000
Revenue – Gold and Silver	22,055	17,575	38,985
Acid	800	544	923
Total	22,855	18,119	39,908
Working costs	18,241	13,627	28,506
Operating profit	4,614	4,492	11,402
Sundry income	9	11	22
Profit before royalties	4,623	4,503	11,424
Less: Royalties	434	541	1,614
Simmer & Jack Mines	434	523	1,596
Other	—	18	18
Profit before taxation	4,189	3,962	9,810

Capital expenditure amounted to R790,000 for the six months period.

On behalf of the board
J. M. R. Berardo (Chairman)
C. E. Dixon (Managing Director)

Registered Office:
31st Floor, Trust Bank Centre,
56, Eloff Street,
Johannesburg 2001,

Share Transfer Secretaries:
Hill Samuel Registrars (S.A.) Limited,
101, Market Street,
Johannesburg 2001.

London Registrars and Share Transfer Secretaries:
Hill Samuel Registrars Limited,
6, Greencoat Place, London SW1P 1PL.

August, 1986

APPOINTMENTS

Group management changes at Tarmac

Mr Don Carr, chief executive of quarry products division, has been appointed a group managing director of TARMAC. The division's finance director, **Mr Terry Mason**, becomes group finance director. Both appointments are from October 1. Mr Carr joined Tarmac in 1959 and held senior roles in quarry products division before becoming its chief executive in 1983. Mr Mason joined Tarmac in 1966, was appointed chief accountant of Tarmac Roadstone Holdings in 1974 and finance director in 1978. These moves follow the appointment of Mr Graeme Odgers, a group managing director, as deputy chairman of British Telecom. He will continue as a non-executive director of Tarmac.

*

DOBSON PARK INDUSTRIES has appointed **Mr David Bucks**, vice chairman of Hill Samuel & Co, as a non-executive director.

*

R. WATSON & SONS, consulting actuaries, has appointed as partners **Mr C. M. George, Mr G. M. O'Carroll, Mr A. F. Zegleman and Mr M. J. Wadsworth.**

*

The 600 GROUP has appointed **Mr David C. Wright** as managing director of The Colchester Lathe Co. Mr Wright, who joined the group as a graduate management trainee in 1970, was managing director of Gamet Products where he is succeeded by **Mr Peter Lench**, who was managing director of SNFA Bearings.

*

Dr Howard J. Schaeffer has joined the boards of WELLCOME and The Wellcome Foundation Limited. He is a director and vice president responsible for the research, development and medical division of Burroughs Wellcome Co in the US.

*

The following have been appointed to the CONSULTATIVE COMMITTEE OF ACCOUNTANCY BODIES for three years *from* September 1: **Mr Shaw Edwards**, director finance, North East Thames Regional Health Authority; **Mr Michael Foulds**, partner, Morley and Scott; **Mr Roger Munson**, partner, Coopers and Lybrand; **Mr Thomas Neville**, finance director, Vickers; **Mr Peter Stilling**, national director of accounting and auditing, Touche Ross. **Mr Michael Renshall**, currently vice chairman, becomes chairman.

*

McKENNA & CO has admitted seven partners: **Mr Richard Cockram** (litigation—Singapore); **Mr Simon Anthony Renton** (company commercial); **Mr Neil Cameron Aitken** (litigation); **Mr Henry Charles Sherman** (litigation—Hong Kong); **Mr Julian Paul Thurston** (intellectual property); **Mr Andrew Geoffrey Walsh** (company commercial); and **Mr Gary Robert Hickinbottom** (litigation).

*

Dr Fritz Anton leaves the London branch of GIROZENTRALE VIENNA to become head of *international operations* in Vienna, with ultimate responsibility for all foreign operations of the bank. He will be succeeded as general manager in London by **Mr Peter Nemschak**, formerly head of international financing in Vienna. **Mr Hans Krikava**, manager international banking and corporate finance has been appointed deputy manager. **Dr Raimund Solonar** has been appointed the bank's representative in New York.

*

YAMAICHI INTERNATIONAL (EUROPE), London, has made the following appointments: as executive directors, **Mr David A. Butcher** (syndication), **Mr Brian M. A. Moriarty** (Eurobond sales), **Mr John O'Donnell** (mergers and acquisitions); **Mr John H. B. Smith** (personnel) becomes a director.

*

Mr G. Jarrett has been appointed a director of GREENWICH CABLE COMMUNICATIONS. He was a director of Thorn EMI Cable Television.

*

GRENFELL & COLEGRAVE, wholly owned stockbroking subsidiary of Canadian Imperial Bank of Commerce, has appointed **Mr David Cole** as an executive director to head corporate finance activities.

*

Mr Malcolm Parkinson, chief executive of F. W. Woolworth, has joined the board of WOOLWORTH HOLDINGS.

*

ROBSON RHODES has admitted as partners **Mr Peter Hakim, Mr Jeremy Hakim, Mr Paul Hawthorne** and **Mr Anthony Fry** (Epsom) and **Mr Bob Hutchins** and **Mr David Wicks** (Wellington).

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price	+ or −	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
160	F.P.	—	170	165	Acatos & Hutcheson 50p	170	......	bd5.25	2.9	4.3	11.3
‖	F.P.	15/8	127	108	‡Airsprung Group 10p	112	......	5.4	2.8	6.8	7.4
§125	F.P.	22/8	142	128	‡Anglia Sec Homes 10p	141	......	R1.63	5.0	1.6	17.5
§115	F.P.	22/8	125	120	‡Atlas Conv'ting Equ 5p	123	......	R4.9	2.3	5.6	11.1
§67	F.P	8/8	71	68	‡BBB Design Grp 5p	69	......	L1.0	4.2	2.0	16.6
‖	F.P.	—	289	280	BTR Nylex A$0.50	286	......	Q15c	2.7	2.2	17.1
§145	F.P.	15/8	158	145	‡Beaverco 5p	150	......	u5.0	2.4	4.7	11.9
‖	F.P.	—	53	41	Bertrams Inv. Tst	45	......	—	—	—	—
§97½	F.P.	25/7	44	38	‡Bipel 5p	43½	−½	R1.23	3.1	4.0	10.9
125	F.P.	8/8	147	128	‡Borland Intl. Inc	139	−2	u02c	1.4	1.0	19.4
§63	F.P.	6/8	69	61½	‡Camotech 10p	65	......	R2.0	2.4	4.3	13.3
§110	F.P.	18/7	115	85	‡C'bell & Armstrong 5p	95	−3	u3.91	1.9	5.8	12.1
§125	F.P.	7/8	135	128	‡Chelsea Man 5p	128	......	L2.2	2.8	2.4	21.1
100	F.P.	4/9	85	84	Child Med C.IT£1‡‡	85	......	—	—	—	—
‖	F.P.	18/7	110	85	Clarkson (Horace)	105	......	L4.75	1.5	6.4	14.4
††	F.P.	—	100	57	Clayform Warrants	58	......	—	—	—	—
§84	F.P.	1/8	91	84	‡Control Electrodes 5p	90	......	u3.9	1.6	6.1	14.0
§110	F.P.	—	114	111	‡Colne Inv 5p	113	−1	R2.7	3.4	3.4	12.4
§70	F.P.	22/8	74	71	‡Fletcher Dennys S. 5p	74	+1	L2.5	1.9	4.8	15.7
210	F.P.	—	203	191	G. T. Management 1p	203	......	R3.0	3.4	2.1	17.1
150	F.P.	25/7	164	150	Guthrie Corp	160	......	u5.3	2.2	4.7	10.2
150	F.P.	15/8	161	156	Harrison Inds. 10p	157	......	g5.0	2.7	4.5	11.8
§92	F.P.	28/8	95	87	‡Hille Ergonom 10p	93	......	L2.0	3.1	3.0	12.8
§20	F.P.	15/8	25½	21½	‡Hughes Food 5p	25½	......	R0.5	2.8	2.8	18.4
—	F.P.	29/8	£37	£36	JF Pacific Warrant S.A.	36½	......	—	—	—	—
R30	Nil	—	325	180	Joel (H.J.) Ltd Units	180	......	—	—	—	—
§154	F.P.	13/8	159	157	Kleinwort Dev. Fnd	159	......	—	—	—	—
100	F.P.	15/8	90	85	‡M6 Cash & Carry	88	......	u3.55	2.1	5.7	9.8
10	F.P.	—	90	90	‡Marina Dev. 50p	90	......	R3.13	3.0	4.9	8.7
¶500	F.P.	29/8	516	427	Morgan Grenfell £1	498	......	L8.5	—	2.7	—
§33	F.P.	—	34	33	‡Omnitech 1p	33½	......	—	—	—	—
§120	F.P.	29/8	120	110	‡Per. Computers 5p	110	......	R3.0	3.3	3.8	11.2
§113	F.P.	29/8	114	112	St. David's Inv. Tst. Inc.	114	+1	H6.8	—	8.4	—
§75	F.P.	29/8	77	75	Do Cap.	76	......	—	—	—	—
§72	F.P.	15/8	160	99	‡Shield Group 5p	140	......	L2.0	3.1	2.0	20.4
§165	F.P.	1/8	184	160	‡Sandbone 10p	160	......	u5.0	2.1	4.4	14.9
§40	F.P.	31/7	42	35	‡Soundtracs 5p	37	......	b1.2	2.8	4.6	11.0
§98	F.P.	6/8	106	98	‡Space Planning 10p	99	+1	R1.8	3.4	2.6	16.1
§110	F.P.	28/8	125	119	Stanley Leisure	122	......	u3.25	2.6	3.8	13.5
130	F.P.	21/8	151	137	‡TV-am 10p	151	......	R5.75	2.6	5.4	10.1
§95	F.P.	25/7	114	104	‡Task Force 5p	110	+3	R1.78	3.8	2.3	16.3
112	F.P.	8/8	134	116	Tesby 50p	134	......	u4.0	2.6	4.2	10.4
190	F.P.	1/8	242	219	Thames TV	224	−1	u9.5	1.9	6.0	12.6
120	F.P.	6/8	130	100	Tibbet & Britten 5p	128	......	R3.5	2.6	3.9	14.3
§63	F.P.	22/8	68	66	Unilock 20p	67	......	1.98	2.7	4.2	12.7
‖	F.P.	—	168	152	VSEL Consortium £1	155	......	W5.68	4.3	5.2	4.9
††	F.P.	—	100	95	Welsh Ind. Inv. Tst. 5p	100	......	—	—	—	—
106	F.P.	22/8	112	107	Windsmoor 5p	107	......	u3.25	2.3	4.3	14.4

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price £	+ or −
**	F.P.	—	155	150	Authority Invs. 8% Cnv. Uns. Ln. 2006-11	150	−2½
§97.947	£25	17/9	27¾	25⅛	Bankers Inv. Tst. 10½% Deb. 2016	26½	−⅛
§100p	F.P.	15/8	107p	105p	Business Mortgages Tst. 8.6% Cum Prf.	106p	......
109.89	£40	29/8	40	36½	Estates & Gen. 11¼% 1st Deb. 2018	37¼	......
‖	F.P.	29/8	115p	102p	‡Fergebrook 12% Cnv Uns Ln 1992-97	105p	......
97.963	£25	24/10	25⅛	19	Gt. Portland 9½% 1st. Mort. Deb. 2016	19⅞	−⅛
—	—	—	29	28½	JF Pacific Warrant S. A. Pref.	28½	......
105.523	£25	21/8	26	18	Land Securities 10% 1st. Mort. Deb.25	18⅞	......
§99.793	£25	24/9	24⅝	20½	Lon. Shop Prop. 10% 1st. Mort. Deb. 2026	21	......
††	F.P.	—	101	95	Mercury Intl. 7⅝% Cum Pref.	97½	+1½
—	F.P.	—	100¼	99¾	Nationwide 10⅛% 27/7/87	100⅛	......
§99.937	£25	24/10	25⅛	23⅞	Do 3⅝% IL Ln. 2021	24	−¼
¶100	F.P.	2/9	99	97	Newcastle & Gate. Wtr. 7% Red. Prf. 94/6	97	......
¶¶	F.P.	—	108	104	Rea Bros. 8.6% Cnv Prf	108	+1
‖	Nil	—	2⅛pm	2½pm	Stewart Est. 6¼% Cum. Cnv. Red. Prf.	2½pm	......
‖	Nil	—	4pm	2pm	Scantronic 5.75% Cnv. Cum. Red. Prf.	2pm	......
‖	Nil	—	5pm	2pm	Utd Leasing 9½% Cnv. Sub Uns Ln '98—2001	2pm	−2
‖	F.P.	—	101¾	101½	VSEL Cons.11% Uns. Ln. 1996	101½	......
—	F.P.	—	110	107	Wight C'ns Cv. Cm. Rd. Prf. 1999 10p	110	......

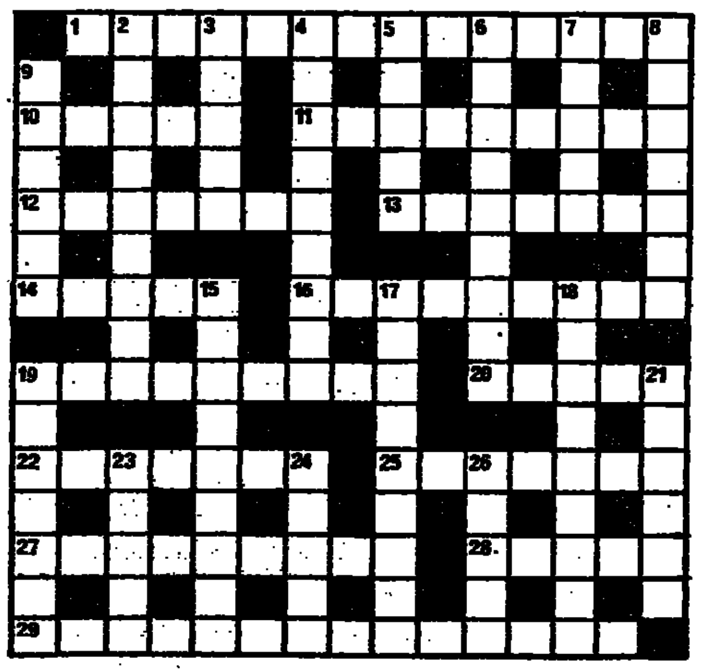
"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price p	+ or −
49	F.P.	29/8	85	66	Abaco Invs. 5p	69	−3
12	Nil	19/9	1¼pm	½pm	Barker & Dobson 1p	½pm	......
170	F.P.	2/9	194	186	Coloroll 10p.	194	+1
145	F.P.	20/8	185	160	Dataserv. Inc. 5c.	160	......
165	F.P.	28/8	185	168	Expamet Intl.	168	−2
5	Nil	12/9	25½pm	12pm	‡Hobson 5p	22½pm	−3
330	Nil	26/9	81pm	71pm	London United 20p.	71pm	−2
200	F.P.	29/8	223	210	‡Meadow Farm Prod. 10p	215	......
120	Nil	19/9	23pm	17pm	Medminster 10p	23pm	......
35	Nil	12/9	30pm	25pm	‡Rockwood 10p	25pm	......
44	F.P.	28/8	50	45½pm	‡Sheraton Secs. 10p	47pm	......
200	Nil	-	29pm	19pm	TVS N/Vtg. 10p	23pm	......
125	Nil	24/9	18pm	11pm	‡Ted 5p	18pm	......
90	FP	17/9	92½pm	88	Top Value Inds. 10p	88	......
38	F.P.	28/8	40½	37	‡Yelverton Invs. 5p	37	......
41	Nil	29/8	35pm	22pm	‡York Mount	22pm	......

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend; cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures ‡ Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖ ‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.

F.T. CROSSWORD PUZZLE No. 6,093

VIXEN



ACROSS

1 The country's capital! (8,6)
10 Was quite attractive, but ruled out (5)
11 Important communication from the Soviet bloc? (3-6)
12 Where one may draw by the riverside (3-4)
13 Shrub bearing white flowers used in posy-ring arrangements (7)
14 Record set by a female animal (5)
16 Judge—a right little scold! (9)
19 Bat on, mind, though in trouble, to appear game (9)
20 The head of state is a figure showing fibre (5)
22 A French couple relax (7)
25 Cash organisation in one's mature years (7)
27 "It is a characteristic of wisdom not to do . . . things." Thoreau (Walden: Economy) (9)
28 Considering a point in church (5)
29 New York racers need computers (5-9)

DOWN

2 Archer's tip (9)
3 Land featuring in certain diaries (5)
4 Bearing on the star's get-up (5-4)
5 Cover very large pools (5)
6 Curses when running water packs up (9)
7 Tongue is pounds a tin (5)
8 A carrier will be provided in this place for the greenstuff (7)
9 A final word about last-minute dishes (6)
15 Leisure interest of a Greek character in recent times (9)
17 She'll tell when at work, though she'll disclose nothing (4-5)
18 Non-drinker in a bar set to get drunk! (9)
19 Skip the queen and the knave (7)
21 A swimmer turning colour looked suggestive (6)
23 Men of learning are set above soldiers in Iraq (5)
24 Cheer up relation with a note (5)
26 The playwright's one Ben's found rather odd (5)

Solution to Puzzle No. 6,092

R	E	A	D	A	B	L	E		R	A	T	I	N	G
A		S		L		A				X		N		U
C	U	P	B	O	A	R	D		R	I	D	D	L	E
I		A		N		C		S		O		I		S
N	E	R	V	E		E	N	C	O	M	P	A	S	S
G		A				N		A		A				I
	A	G	E	N	C	Y		B	I	T	U	M	E	N
A		U		E						I		A		G
D	E	S	I	G	N	S		R	E	C	E	S	S	
E				O		T		E				S		M
Q	U	E	S	T	I	O	N	S		T	E	M	P	O
U		A		I		W		E		E		E		U
A	I	R	W	A	Y		G	R	E	N	A	D	E	S
T		N		T				V		O		I		S
E	A	S	T	E	R		D	E	C	R	E	A	S	E

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS & INSURANCES

Waverley Asset Management Ltd (a) (c) (g)
13 Charlotte Sq, Edinburgh 031-225 1551

Australasian Gold	18.5	19.7	+0.3	0.15
Pacific Basin	13.5	14.1	+0.1	0.2
Canadian Balncd Grwth	56.4	60.3	+0.1	0.98
Ginnie Mae	101.4	105.6	-0.1	7.2

WestAvon Unit Trust Managers Ltd(a)(c)
9 Portland Square, Bristol BS2 8SS 0272 422431

British Smllr Co's (z)	55.9	57.5		1.50
British Growth (z)	65.6	67.5	+0.2	2.30
British Income (z)	64.4	66.2	+0.2	5.30
British Extra Yield (z)	50.8	52.2	+0.2	7.00

Whittingdale Unit Trust Managers
2 Honey Lane, London EC2V 8BT 01-606 9085.6

Short Dtd Gilt Fd	67.6	68.7	+0.1	0.00
U S. Govmnt Bond F	30.507	C.51		—

Windsor Trust Mngrs Ltd
83 Kingsway, London, WC2B 6SD 01-405 8331

Country & Equity Tst	47.6	50.7		7.83
Growth Trust	49.9	53.1		2.28
Income Trust	52.3	55.7		5.26

Wright Seligman Fund Managers Ltd
11 Blomfield St, London EC2M 7AY 01-588 0592

Growth Fund	67.1	70.6		2.97

Weekly dealing day Tuesday

The Yorkshire General Trust
Woodthorne Pk, Fenay Edge, Huddersfield 0484 602250

Y.G.T.	122.0	129.6	-0.3	3.50

INSURANCES

AA Friendly Society
(Investment Mngt M & G Inv Mngt Ltd)
PO Box 93 Cardiff CF1 4NW 0222 35542

AA Friendly Sv July 11		107.4		—

Abbey Life Assurance Co Ltd
80 Holdenhurst Road, Bournemouth 0202 292373

Prop. Ser. 1	206.3	217.2		—
Equity Ser. 1	97.9	103.1	-0.3	—
Prop. Acc. Ser 2	277.7	292.4		—
Equity Ser 2	106.4	112.0	-0.4	—
Selective Acc.	232.5	244.9	-0.4	—
Prop. Ser. 4	219.3	230.8		—
Equity Ser. 4	110.2	116.1	-0.2	—
Fixed Int. Ser 4	189.7	199.7	+0.2	—
Indexed Inv. Ser. 4	114.2	120.3		—
American Ser. 4	249.0	262.2	-0.3	—
High Inc. Ser. 4	277.4	292.2	-1.4	—
Japan Ser 4	244.4	257.3	-1.4	—
Man. Ser. 4	347.7	366.3	-0.2	—

City of Edinburgh Life Assurance
46 Charlotte Sq, Edinburgh EH2 4HQ 031-225 1655

Income & Secure Bond	94.3	100.0		—
Risk & Reward Bond	116.0	123.0		—
Managed Growth Fd	116.5	123.3		—
Money Market Fd	100.0	106.0		—
Income & Secure Pens Fd	96.0	102.0		—
Risk & Reward Pens Fd	98.7	104.0		—
Managed Growth Pens Fd	114.0	120.0		—
Money Market Pens Fd	100.3	106.0		—

City of Westminster Assurance
Sentry House, 500 Avebury Boulevard, Cent Milton Keynes MK9 2LA Tel: 0908 606101/660888

Current Series

Property Fund	111.2	117.1		—
Money Fund	220.4	232.0	+0.1	—
Managed Fund	399.2	420.8	+0.8	—
Equity Fund	247.5	260.6	+1.0	—
Fixed Interest Fund	150.0	157.9	+1.2	—
Far East Fund	208.9	219.9	-1.1	—
North American Fund	166.9	175.7	-2.8	—
Natural Resources Fund	122.2	128.7	+3.4	—
Pension Managed Fund	370.1	389.6	+0.7	—
Pension Equity Fund	233.9	246.3	+1.9	—
Adventurous Mngd Fd	100.0	105.3		—
Balanced Mngd Fd	100.0	105.3		—
Conservative Mngd Fd	100.0	105.3		—
European Fund	100.0	105.3		—
International Fund	100.0	105.3		—

For other prices please telephone 0908 606101/660888

Clerical Medical/Fidelity International
Narrow Plain, Bristol BS2 0JH 0272 290566

Investment Funds

Mixed	129.9	136.8	-1.2	—
Equity	145.1	152.8	-2.7	—
Property	108.3	114.1		—
Gilt & Fixed Interest	116.7	122.9		—
Indexed Securities	100.6	105.9		—
Cash	106.9	112.6	+0.1	—
North American	105.2	110.8	-0.5	—
Far East	129.9	136.7		—
International	121.7	128.2	-0.8	—
Special Situations	142.0	149.5	-1.4	—
International Income	135.1	142.3	-1.4	—
American Income	112.4	118.4	-0.7	—
European	141.9	149.4	+4.3	—

Flexible Retirement Plan

Mixed	133.5	140.6	-0.6	—
Equity	140.2	147.6	-1.2	—
Property	112.5	118.5		—
Gilt & Fixed Interest	122.6	129.1		—
Indexed Linked	103.1	108.6	-0.1	—
Cash	114.5	120.6		—
North American	109.9	115.7	-0.8	—
Far East	144.6	152.3	+0.1	—
International	129.4	136.6	-0.4	—
Special Situations	159.5	167.9	-2.0	—
European	159.7	168.2	+5.0	—

Executive Investment Pension Plan
Prices on July 30. Unit dealings on Wednesday.

[illegible]

INSURANCE, OVERSEAS & MONEY FUNDS

Britannia Intl—Contd

US Dollar Denominated Growth Funds

Am. Smaller Cos. Fd(z)	1.935	2.081	−0.029	—
Gold Fund(z)	0.573	0.623	+0.005	2.08
Jap Dlr Performs(z)	2.330	2.505	+0.014	—
Ocean Gbl Strat.(z)	10.93	11.48	+0.01	—
Normandia $ Fd(z)	19.52	20.02	...	—
World of Leisure(z)	1.392	1.497	−0.010	—
World of Tech(z)	0.823	0.885	−0.013	—
Managed Portfolio(z)	1.375	1.487	−0.013	0.45

Sterling Deposit Funds

*Cap Dep Tst (Z)	£20.51	20.52	...	—

*Capital return 9.75%

Britannia Fund Managers IoM			0624 74856	
Gilt Trust (IoM)	92.6	97.5xd	...	12.39

Brown Shipley Fund Mgmt (CI) Ltd
PO Box 583, St Helier, Jersey 0534 74777

Sterling Bd(W)K(Daily)	£1.40	11.41	−0.01	9.29
Sterling Cap (Daily)	£21.45	21.46	...	—
Intl. Bond (Daily)	$14.54	15.36xd	−0.01	5.79
Int Currency (Wed)	$1.38	2.48	...	4.84

Butterfield Management Co Ltd
PO Box 195, Hamilton, Bermuda

Buttress Capital		$14.02	...	—
Buttress Equity Acc.	$6.89	7.20	−0.21	—
Buttress Inc Acc.	$4.56	4.71	−0.04	—

CAL Investments (IoM) Ltd
16 St Georges Street, Douglas, IoM 0624 20231

CAL C & C*	38.0	40.0	...	—

*Dealings Monday. **Dealings daily

CAL Investments (Bermuda) Ltd
PO Box 1022, Hamilton, Bermuda (809-29) 55950

CAL Futures Fund	131.11	131.43	...	—

Capital International
43 Boulevard Royal, Luxembourg

Capital Int. Fund		$58.22	...	—

Forbes Securities Management Ltd
PO Box 887, Grand Cayman, BWI
London Agents: 01-839 3013

Gilt High-Income	93.7	98.8xd	...	13.7
Gold Inc	88.88	9.36xd	...	11.9
Dollar Inc	$7.50	7.79	...	12.43
Gold Appreciation	$5.51	9.60	...	—
Strategic Trading	$1.41	1.49	...	—

Foreign & Colonial Management Ltd
1 Laurence Pountney Hill, London EC4 01-623 4680

F&C Atlantic July 30		$15.79	...	—
F&C European July 30		$25.56	...	—
F&C Oriental July 30		$47.38	...	—

Weekly dealings.

14 Mulcaster Street, St Helier, Jersey 0534 27471
Foreign & Colonial Reserve Asset Fund

A-Short Term US$	$20.38	+0.01	7.42
B-Short Term Multi'ncy	$13.13	+0.07	7.45
X—Short Term £	£10.30	...	10.38
C—US$ Bonds	$12.85	+0.04	10.33
D—Multic'ncy Bonds	$15.78	+0.13	8.45
E—Sterling Bonds	£11.42	...	11.11
F—D Mark Bonds	DM10.57	+0.02	7.02
G—Yen Bonds	Y1,084	+0.09	7.09
H—Ecu Bonds	Ecu11.02	+0.16	7.48
L-Sterling Equities	£9.53	+0.02	12.64
M—US Equities	$11.19	...	8.55

Formosa Fund
c/o Hoare Govett Asia Ltd, Heron Hse, 319-325 High Holborn WC1 01-404 0344
NAV NT$381.A. (D) value US$10.085.

Framlington Overseas Fund Mngt. Ltd
PO Box 71, St Peter Port, Guernsey 0481-26541

Far East Fund	£0.759	0.798	...	—
Income & Growth	£0.687	0.716	...	3.09
Managed Portfolio	£0.603	0.634	−0.005	0.4

Frankfurt Trust Investment—GmbH
Wiesenau 1, D-6000 Frankfurt

FT-Interzins	DM45.08	46.43	+0.02	—

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

J. Henry Schroder Wagg & Co Ltd
Enterprise House, Portsmouth 0705 827733

Special Acc	9.125	6.82	9.92	Mth
Over £10,000	9.375	7.01	10.20	Mth

Western Trust & Savings Limited
The Moneycentre, Plymouth PL 1SE 0752 224141

High Int Chq Acc	9.67	7.27	10.64	Qtr

Wimbledon & South West Finance Co Ltd
114 Newgate St, London EC1A 7AE. 01-606 9485

High Int Cheque Acc	11.00	1.22	...	Qtr.

NOTES—Gross. rate to those exempt from composite rate of tax. Net. actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. § Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ф Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	30
Amstrad	23
BAT	35
BOC Grp	28
BSR	11
BTR	28
Babcock	17
Barclays	45
Beecham	40
Blue Circle	55
Boots	22
Bowaters	30
Brit Aerospace	45
Brit. Telecom	17
Burton Ord	28
Cadburys	17
Charter Cons.	22
Comm Union	28
Courtaulds	26
FNFC	17
Gen Accident	75
Gen Electric	17
Glaxo	85
Grand Met	34
GUS 'A'	85
Guardian	75
GKN	32
Hanson Tst.	16
Hawker Sidd.	48
ICI	55
Jaguar	38
Ladbroke	32
Legal & Gen	24
Lex Service	28
Lloyds Bank	38
Lucas Inds	52
Marks & Spencer	18
Midland Bk.	44
Morgan Grenfell	30
NEI	11
Nat West Bk	48
P & O Dfd	45
Plessey	18
Polly Peck	16
Racal Elect.	16
RHM	28
Rank Org Ord	45
Reed Intnl	75
STC	16
Sears	12
TI	42
Tesco	32
Thorn EMI	40
Trust Houses	15
Turner Newall	18
Unilever	120
Vickers	40
Wellcome	17
Property	
Brit Land	16
Land Secs.	30
MEPC	32
Peachey	24
Samuel Props	25
Oils	
Brit. Oil & Min	2½
Brit Petroleum	48
Burmah Oil	30
Charterhall	4
Premier	3½
Shell	55
Tricentrol	11
Ultramar	18
Mines	
Cons Gold	40
Lonrho	24
Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

The real impact of sanctions on South African exports

BY JIM JONES IN JOHANNESBURG

EARLIER this week Mr Pik Botha, the South African Foreign Minister, and the government-controlled broadcasting services put a cynical gloss on the sanctions threat.

The strongest advocates of sanctions, so the official line went, are the countries which compete with South Africa in world commodity markets. While Mr Botha was claiming that Australia would be a big beneficiary of boycotts of South African coal, Mr Louis Kriel, the general manager of the deciduous fruit board, was saying the same about Australia's fruit industry. The radio joined the chorus by making a link between Canada's support of sanctions and the fact that it, like South Africa, is a big producer of uranium.

Inside South Africa itself, attention has focussed on the loss of black jobs possible as a result of comprehensive sanctions. The Chamber of Mines estimates that a block on coal exports would jeopardise 35 per cent of the coal industry's 110,000 jobs and the Deciduous Fruit Board reckons that the jobs of 0.25m people employed in the farming, canning and dried fruit industries in the Western Cape would be at risk.

The trouble with these arguments is that they are founded on the worst-case assumption that sanctions will be comprehensive and leak-proof. And they do not address the possible effects on South Africa's foreign exchange earnings.

With the exception of coal, most commodities under threat generate comparatively small proportions of the country's foreign exchange earnings. According to the DFB, about 70 per cent of the country's fruit worth an estimated R600m ($235m) is exported to 34 nations, with 85 per cent of the Western Cape's output going to the EEC. Packing sheds are working over-time at present to move this year's crops before EEC sanctions are imposed, but even if exports were chopped by half, the loss would be less than 1 per cent of the country's total export earnings.

Coal is a different matter. Exports have grown rapidly in the past ten years with the result that South Africa supplies about one-eighth of the world's coal exports and has become the price setter for the rest of the world. Last year coal generated almost one-sixth of non-gold export revenues or about twice the amount earned from the "strategic" metal, platinum. Recently the Chamber of Mines said that exports by the Transvaal Coal Owners' Association (TCOA) had fallen by 17 per cent this year. Though that is almost certainly statistically correct, it is not the experience of the industry as a whole. Export tonnages rose by 10.8 per cent in the first five months of this year even though the TCOA, which is but one of several exporters, was hurt by reduced Danish and French purchases. Nevertheless, some coal executives believe South Africa will be lucky if its exports reach 40m tonnes this year.

The US buys less than 1m tonnes of South African coal each year, so a boycott from that direction would not be catastrophic. Europe, though, is another matter. Exports to EEC countries are currently running at about 22m tonnes a year, which is half the export total and three times the level of sales to Japan.

Coal industry executives are understandably cagey about discussing alternative marketing plans, but there are unofficial reports that a group of South African producers is in Tokyo at present negotiating additional sales to Japan. Talks are apparently scheduled with Taiwanese and South Korean consumers. Mr Allen Seally, the Chief Executive of Rand Mines' coal divisions, says the Far East is a fast-growing market for coal, but he cautions that it is not growing quickly enough to absorb the 22m tonnes under threat from European sanctions.

Far eastern coal users could well be persuaded to take more South African coal by the industry's unofficial willingness to maintain export tonnages by cutting steam coal export prices to as little as $20 per tonne. Long-term contract prices dropped below $30 a tonne this year when Amcoal agreed to deliver to Italian buyers at $28.50 a tonne. Price cuts of this magnitude by the South Africans might quickly be forced onto other exporting countries.

South Africa has responded to the external sanctions threat with hints of sanctions of its own—in particular a threat to cut off exports of strategic metals to countries which block South African products. The trouble with that threat is that a prohibition on exports could not be selective if it was to be effective. And if, for example, platinum exports were stopped South Africa would lose over $1bn in export revenues this year, equivalent to about two fifths of the postulated current account surplus.

South Africa supplies about 70 per cent of the world's vanadium pentoxide, an ingredient of the special alloy steels used for oil pipelines. The only real alternative supplier is China, which at present provides the non-Communist world with about 6 per cent of its total needs. South African retaliation by stopping vanadium sales could well be uncomfortable for consumers, for a period at any rate, whilst the cost to South Africa would be less than one per cent of its non-gold export revenues.

The same cannot be said of manganese or chrome ores and alloys, even though South Africa has about three quarters of the world's reserves of each metal. If South African manganese ore and alloy exports, which generated about 3 per cent of non-gold export revenues last year, were halted alternative supplies could be quickly available from Brazil, Gabon, Australia, India and probably the Soviet Union and China.

The chrome situation is somewhat different. South Africa produces about one-third of the world's total of alloys and ore and provides about 60 per cent of America's ferro-chrome imports and 85 per cent of Japan's. It also earns about 5 per cent of non-gold export revenues from the metal. But, as Mr Mike Brown, an economist with Davis, Borkum, Hare, the Johannesburg stockbroking firm, points out, production capabilities in other countries could only be extended to fill short-term gaps left by reduced South African supplies. It is unlikely that long-term alternatives to South Africa can be found, particularly as South Africa could block exports of the 220,000 tonnes of ferro-chrome produced by neighbouring Zimbabwe.

Steel exports earn South Africa about R2.bn each year, Mr Brown estimates, so anything which interfered with the trade could hurt. But though the US proposes to block imports from South Africa, it might not do so for some years.

In 1984 South Africa and other countries agreed on a five-year limitation on sales to America, and that agreement could be difficult to abrogate if sanctions are approved by President Reagan. South Africa's annual steel exports to the US are limited to about 450,000 tons.

SOUTH AFRICAN MINERALS

Exports by weight in tonnes and by value in US$

	1979	1981	1983	1985
Coal	23.34	29.88	28.10	44.26
	$605m	$1,113m	$960m	$1,409m
Ferro-chrome	564-3	553.7	766.3	754.0
	$233m	$258m	$294m	$305m
Chrome ore	1,269	1,172	803	1.415
	$62m	$60m	$36m	$66m
Vanadium Pentoxide	na	22.14	15.93	22.02
	na	$97m	$35m	$55m
Manganese	597	496	331	487
	$223m	$186m	$121m	$169m
Manganese ore	4,061	3,155	1,996	2,890
	$153m	*$134m*	*$77m*	*$109m*

Production by weight and by value in US$

	1979	1981	1983	1985
Gold (tonnes)	703.5	655.7	677.9	669.5
	$7,129m	$9,504m	$8,912m	$6,940m
Platinum (ounces)	2·18m	1.8m	2.07m	2.32m
	$940m	$855m	$880m	$675m
Palladium (ounces)	na	0.91m	0.79m	1.01m
	na	$90m	$105m	$110m

Sources: South African Department of Mineral and Energy Affairs, except figures for platinum group metals which are trade estimates. Notes: chrome figures exclude Bophuthatswana, exports valued at average annual exchange rates.

Brewer claims hops plot

ANHEUSER-BUSCH, the largest US brewer has sued five West German hops dealers and one US dealer, charging they conspired to fix the price of hops, reports Reuter.

The suit says the six companies engaged in price rigging beginning in 1976, and the brewer became aware of it in July 1984. It alleged the companies engaged in "covert communication employing coded messages" in a plot that ultimately cost Anheuser-Busch $300m more than it would have paid for hops.

The five West German companies named were John I. Haas, Joh. Barth and Son, Horst, Sebastian Klotz and Fromm Mayer-Bass, the sixth firm was Openheimer of New York.

Sri Lankan tea prices rise

TEA prices rose sharply at this week's Colombo auction, possibly signalling the start of a recovery in Sri Lanka's recently depressed tea industry, reports Reuter.

Prices rose by an average of Rs5 per kg. Brokers were particularly encouraged by the reappearance in the market of Egypt and the Soviet Union, for the first time since April. They said they expected the stronger trend in medium and high-grown tea prices to continue until the quality season ends in September.

Ivory Coast to boost coffee

IVORY COAST, Africa's biggest coffee producer, aims to boost output to between 330,000 and 360,000 tonnes annually to maintain its position in the international market, the official Abidjan daily Fraternité Matin reported yesterday.

The newspaper said the Ivorian Government planned to reach this goal by extending the country's 1.3m hectares (3.2m acres) planted with coffee, replacing old bushes and pruning branches to improve productivity.

Rice contract date set

THE launch date of the Chicago Rice and Cotton Exchange's revamped rough rice futures contract has finally been set for August 20 on the floor of the Chicago Board of Trade, writes David Owen. The CBoT recently took over the Mid-America Commodity Exchange, which had acquired the CRCE in December 1985.

Trading was originally expected to start on or before July 7.

US aluminium imports surge

BY DAVID OWEN IN CHICAGO

THE work stoppages in the US aluminium industry in recent weeks have helped prompt a surge in imports of foreign ingots and semi-fabricated products.

In the first six months of this year ingot imports total 734,000 tonnes, up almost 75 per cent from the corresponding level a year earlier of 420,000. While Canada remains the dominant supplier, imports from Latin America have also been climbing sharply.

In the second quarter alone, the US imported 56,000 tonnes of Brazilian and 29,000 tonnes of Venezuelan ingots.

Increased foreign semis buying was particularly evident in May and June, when imports of rolled products totalled 62,000 tonnes. The figures were interpreted by one analyst as "physical evidence of a lot of strike hedge buying."

Labour disputes are now affecting production at five main primary aluminium smelters, with combined capacity of over 1m short tons a year, and a number of semis installations. Non-union employees continue to operate all the affected plants at reduced output levels.

The two smelters most recently hit are Commonwealth's 185,000 short tons per year Goldendale facility and Alumax's 175,000 short ton per year Eastalco plant.

At Goldendale, union employees have been locked out and output cut to 75 per cent of the smelter's 110,000 short tons per year pre-disruption rate. Meanwhile, at Eastalco, production is believed to be continuing at the 130,000 short tons per year pre-strike level, with the company holding out for greater flexibility in determining manning levels.

Within the Alcoa network, union members at the Massena installation recently voted to return to work, leaving only the important Warrick facility still on strike over local issues. Long-running strikes at both Ormet's Hannibal and Alcan's Sebree smelters continue, with operating levels down to approximately 120,000 and 60,000 short tons per year respectively. Combined capacity at the two plants is 446,000 short tons per year.

The flood of imports has certainly succeeded in keeping the lid on prices. The question now arises whether import levels will again fall back once remaining disputes are settled or whether US consumers can be persuaded to continue accepting an increased proportion of requirements from abroad.

The situation is of particular concern to domestic semis producers. Whereas the US's dependency on imported ingot is expected to increase further as more high cost facilities close, domestic producers have generally been maintaining their share of downstream products, helped by an approximately 3 per cent ad valorem import duty.

"The import/export imbalance for June was very pronounced," said Mr Peter Merner a New York-based analyst. Rolled products exports for the month were only 11,000 tonnes, he added, compared with imports of 31,000 tonnes.

Norway agrees to talks on fish dispute

BY TIM DICKSON IN BRUSSELS

NORWAY YESTERDAY agreed to "expert level" talks with the EEC in a bid to sort out its latest fishing row with the Community.

Discussions will probably start later this month with the object of finding new ways to conserve cod stocks in a disputed zone off Spitzbergen.

The problem arose following Norway's decision earlier this year to set a cod quota for non-Norwegian vessels of 18,500 tonnes for 1986, of which 15,800 would be allocated to Community fleets (largely those of Spain, Portugal and Germany).

However, the EEC does not accept what it considers to be a "unilateral" move at odds with international law, although the Commission acknowledges the dangers of overfishing in the area.

The dispute came to a head because Norway considers the 1986 limit has now been reached. Norwegian fisheries protection vessels have already barred one Portuguese vessel but reports in Brussels yesterday suggest that the Portuguese and the Germans have now left the area. The Spanish fleet is believed to be awaiting political guidance from Madrid before making its next move.

According to Norway, the overfishing is largely the responsibility of German vessels, which have significantly exceeded their portion of the quota. The consequences, however, are likely to be most serious for Spain, which boasts the biggest fishing fleet of all EEC member states.

Norway is particularly sensitive on the issue because the zone in question is a breeding ground for a particular species of young cod.

The EEC welcomed yesterday's decision to go ahead with what it called the "dialogue of scientific experts," though it still refuses to concede Norway's right to set limits on catches in the area.

● President Ronald Reagan said he would not impose sanctions against Norway in spite of a finding that it violated an international agreement aimed at protecting whales from commercial fishermen.

In a message to Congress, Mr Reagan said his decision was based on the understanding that Norway "will not allow the resumption of any commercial whaling after the 1987 season unless the International Whaling Commission takes affirmative action to authorize such a resumption."

Under US law, Mr Reagan could have imposed an embargo on Norway's fishing products, as sanctioned by an international trade pact, the General Agreement on Tariffs and Trade said.

Norway violated the IWC conservation programme by harvesting minke whales in the North Atlantic from two stocks for which the IWC had set zero quotas, Mr Reagan said.

Hitch delays extended grain subsidy scheme

By Nancy Dunne in Washington

THE DRIVE in Congress towards approval of an expanded grains export subsidies scheme suffered a setback in the House of Representatives on Tuesday when the foreign affairs committee reported unfavourably and as a result, the measure has been withdrawn from the House voting calendar.

However, an expansion of the Export Enhancement Programme—providing bonus commodities from government stocks—has already won Senate approval, and it could still win approval in a House-Senate conference. The Administration has already approved the sale of 3.85m tonnes of subsidised wheat to the Soviet Union, but it is being pressed to do more.

Senator Richard Lugar, chairman of the Senate Foreign Relations Committee, said on Tuesday that the Administration agreed to go ahead with the subsidised sale after hearing reports that the unions are setting aside millions of dollars for the election of Democrats in vulnerable farm states.

He said the AFL-CIO was planning to spend up to $2m in each of five farm states to help Democrats defeat incumbent Republicans and thus regain control of the Senate. The targeted states are: Wisconsin, Oklahoma, Idaho, and North and South Dakota.

The AFL-CIO denied the assertion

LONDON MARKETS

THE gold price rose again yesterday on the London bullion market, closing at $361 per ounce, up $2 on the day. Dealers said the market was boosted by a fair volume of Far Eastern and Middle Eastern physical demand, and helped by the fall in the dollar and the strength of platinum. Platinum closed at $477 per ounce, up $9.25. On the International Petroleum Exchange's gas oil futures market, prices fell back, partly as a technical reaction to the previous day's dramatic rise and partly in response to figures from the American Petroleum Institute showing a larger than expected build-up in US crude oil stocks. The September position closed at $125.25 per tonne, down $5.25. Robusta coffee futures rose £9 in the November position to close at £1,725.50 per tonne, but trading was largely technical in the absence of fresh fundamental news. Cocoa futures continued their recent upward trend, to close up £10 for December delivery at £1,451.50 per tonne.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/low
Cash	755-6	−5	—
3 months	768-9	−4.75	769-764.5

Official closing (am): Cash 751-2 (751-7.5), three months 764.5-5 (762-2.5), settlement 752 (751.5). Final Kerb close: 767-8. Turnover: 54,875 tonnes.

COPPER

[illegible]

LEAD

[illegible]

NICKEL

[illegible]

TIN

KUALA LUMPUR TIN MARKET—Close: 14.15 (same) ringgit per kg. Unchanged.

ZINC

[illegible]

GOLD

Gold rose $2 to $360¾-361¼ on the London bullion market underpinned by the strength of platinum and a weaker dollar. It opened at $361¼-361¾ and was fixed at $360.85 in the morning and $362.40 in the afternoon. The metal touched a peak of $362-362½ and a low of $360¼-361.

GOLD BULLION (fine ounce) August 6

[illegible]

GOLD AND PLATINUM COINS

[illegible]

SILVER

Silver was fixed 3.40p an ounce higher for spot delivery on the London money market yesterday at 349.45p. [illegible]

[illegible]

MEAT

[illegible]

INDICES

REUTERS

Aug 6	Aug 5	M'th ago	Year ago
1454.3	1447.5	1412.8	1694.7

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Aug 5	Aug 1	M'th ago	Year ago
Spot	118.56	126.03	—	114.72
Fut	111.93	113.99	—	114.98

(Base: December 31 1931 = 100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Aug. 6 1986	+ or −	Month ago
METALS			
Aluminium			
Free Market	$1228,245	....	$1240,260
Copper			
Cash Grade A	£881	+9.5	£874.0
3 mths	£900.75	+10.25	£889.25
Gold Troy oz	$361	+2	$347.75
Lead Cash	£255.5	+6.5	£246.5
3 mths	£257.75	+5.88	£250.75
Nickel			
Free Mkt	176/196c	....	179/189c
Palladium oz	$117.50	+0.65	$112.20
Platinum oz	$477.00	+9.25	$439.25
Quicksilver†	$165/185	....	$195/205
Silver troy oz	349.45p	+3.40	334.30p
3 mths	357.75p	+3.90	342.40p
Tin			
free mkt	£3580,710	+15	£3800,30
Tungsten	$52.16	....	$54.49
Wolfram 22.0lb	$48/50	....	$42/50
Zinc	£526.5	+4	£510.0
3 mths	£530.75	+4.25	£513.0
producers	$840	....	$840
OILS			
Coconut (Phil)	$223.5w	−6.5	$225
Palm Malayan	$207.5v	....	$236
Copra (Phil)	$150	....	$160
Soyabean (U.S.)	$174	+1	$161
GRAINS			
Barley Fut.Nov.	£104.60	−0.25	£98.55
Maize	£148.00	+8	£136.00
Wheat Fut.Nov.	£106.10	−0.05	£99.25
No. 2 Hard Wint.	‡	....	‡
OTHERS			
Cocoa Ft. Dec.	£1461.5	+10	£1305.5
Coffee Ft. Nov.	£1726.5	+9	£1667.0
Cotton A Ind.*	36.05c	−0.1	38.45c
Gas Oil Sept.	$125.25	−5.25	$92.75
Rubber (kilo)	59.5p	+0.5	57.5p
Sugar (raw)	$156w	+5	$131.0
[illegible]	[illegible]	[illegible]	[illegible]

‡ Unquoted. † Per 76 lb flask. c Cents per pound. w Aug-Sept. v Oct. y Sept. * Cotton Outlook.

COCOA

After opening easier futures quickly recovered to unchanged levels and in light volume of trade rallied near the end of the day to close at the highs. Physicals were neglected by producers and consumers but some light second-hand interest was noted, reports Gill and Duffus.

[illegible]

COFFEE

Prices firmed in the morning after a weaker opening, as continued roaster interest counteracted the overnight weakness in New York, reports Drexel Burnham Lambert. In the afternoon an early sell back in New York was largely ignored in London and the steadier tone held through until the close.

[illegible]

SOYABEAN MEAL

Prices remained steady throughout in light volume and featureless trade, reports Muirpace.

[illegible]

GRAINS

Wheat and barley saw erratic early trading with shipper support pushing the market to the day's highs, before prices collapsed on keen trade selling interest, reports T. G. Roddick.

[illegible]

SUGAR

Prices eased after Pakistan postponed its tender until Saturday, reports C. Czarnikow.

[illegible]

Tate & Lyle delivery price for granulated basis sugar was £208.50 (£205.00) a tonne for export. International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for Aug 5: Daily price 6.12 (5.96); 15-day average 5.78 (5.71).

PARIS—(FFr per tonne): Oct 1311/1315, Dec 1305/1317, Mar 1341/1348, May 1370/1385, Aug 1410/1420, Oct 1440/1460.

US MARKETS

THE OIL MARKETS lost the momentum of the previous two sessions as the wave of heavy short-covering seen on the announcement of the new Opec production ceilings dried up, reports Heinold. The near September crude contract approached the close marginally down on the day at just under $15, having fallen at one point to $14.50. The failure of the market to follow-through to the upside was seen in some circles as confirmation of some considerable scepticism as to the ability of the Opec members to implement such a programme smoothly. Oil products also weakened, with the heating oil position leading, September losing over half a cent on the day. New York coffee found some good support in the September position, as prices rebounded from the new lows seen on Tuesday to gain nearly 5.5c on technical short-covering, although the lack of any important news kept the market on a nervous path.

NEW YORK

[illegible]

CHICAGO

[illegible]

OIL

Brent traded actively for September and October, though sentiment over Tuesday's Opec agreement together with indications of good availability for August weakened values. [illegible] — Petroleum Argus, London.

[illegible]

FREIGHT FUTURES

The dry cargo market followed the more sober sentiment in the oil futures market and eased. The tanker market was featureless, reports Clarkson Wolff.

[illegible]

GAS OIL FUTURES

[illegible]

POTATOES

The market was quiet and continued to follow the Dutch lead. Volume was thinner and the trading range narrower than of late. The improved growing conditions, with fairly widespread rain over the last three or four days, appear confined to the UK, while European markets remain firm on lack of rain and subsequent yield and quality doubts. This has served to help underpin the London market on any dip towards £300.00, basis April, reports Coley and Harper.

[illegible]

RUBBER

PHYSICALS—The London market opened slightly steadier, attracted little interest and closed quiet, reports Lewis and Peat. [illegible]

[illegible]

CURRENCIES; MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Reverses for dollar and pound

Downward pressure returned to the dollar on the foreign exchanges yesterday. The market was generally sceptical that the Organisation of Petroleum Exporting Countries would obtain total cooperation from its members and meet its goal of raising the benchmark oil price to $20 a barrel. As these doubts increased, the previous overriding factor of the very large US trade deficit began to reassert itself, and the dollar declined. Mr Beryl Sprinkel, chairman of President Reagan's council of economic advisers, warned that if overseas economic growth did not expand the US trade deficit would have to be cut through a further fall in the value of the dollar.

The dollar fell to DM 2.0815 from DM 2.0880, the lowest level since March 20 1981. It also declined to FFr 6.7650 from FFr 6.7725, the weakest since March 15 1983, and fell to SFr 1.6770 from SFr 1.6865, and to Y154.35 from Y154.90.

On Bank of England figures the exchange rate index was 0.5 lower at 111.0, the lowest since February 1 1982.

STERLING — Trading range against the dollar in 1986 is 1.5555 to 1.3770. July average 1.5089. Exchange rate index fell 0.5 to 71.3 compared with 73.9 six months ago.

Sterling lost about half of Tuesday's gains against Continental currencies and also weakened in terms of the dollar. Doubts about Opec's ability to achieve its aim of a sharp recovery in oil prices undermined confidence in the pound. As October North Sea oil prices fell back to around $13.50 a barrel, from a peak of $15.25 on Tuesday, sterling lost 65 points to $1.4790-1.4800. It also fell to DM 3.08 from DM 3.1025; to FFr 10.01 from FFr 10.0650; to SFr 2.48 from SFr 2.5050; and to Y228.25 from Y230.25.

D-MARK — Trading range against the dollar in 1986 is 2.4710 to 2.0815. July average 2.1521. Exchange rate index 138.7 against 132.6 six months ago.

The D-mark gained ground against the dollar in Frankfurt, with dealers uncertain about the immediate prospects, but suspecting that a further decline in the value of the dollar was likely. There was considerable scepticism about the ability of Opec to ensure that member countries respected Tuesday's agreement to cut oil production, and this turned sentiment against the dollar again. At the Frankfurt fixing the Bundesbank did not intervene when the dollar fell to DM 2.0828 from DM 2.0983.

JAPANESE YEN — Trading range against the dollar in 1986 is 202.70 to 153.75. July average 158.61. Exchange rate index 218.2 against 185.5 six months ago.

The yen finished little changed against the dollar in Tokyo, after a day of some fluctuation. The dollar rose to a peak of Y155.70 in early trading, after closing at Y155.40 in New York, on speculation that the Opec agreement to cut oil production should benefit the dollar and depress the yen, because of Japan's high oil imports. But sentiment soon changed, as dealers continued to feel that the very large US trade deficit remained the main factor in deciding the dollar's value. The Bank of Japan intervened when the US currency fell below Y155, but probably bought only $50m, compared with around $700m on Monday and Tuesday. Mr Beryl Sprinkel's comments about the trade deficit and the dollar accelerated the decline, and the dollar closed at Y154.20, compared with Y154.30 previously. News that Japanese insurance companies can increase their foreign portfolio holdings to encourage capital outflow, in an attempt to prevent the yen from rising came too late to influence the market.

£ IN NEW YORK

Aug 6	Latest	Prev. close
Spot	$1.4824-1.4850	$1.4840-1.4850
1 month	0.46-0.44 pm	0.46-0.45 pm
3 months	1.20-1.17 pm	1.20-1.17 pm
12 months	4.30-4.20 pm	4.28-4.20 pm

Forward premiums and discounts apply to the US dollar

POUND SPOT—FORWARD AGAINST POUND

Aug 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4750-1.4850	1.4790-1.4800	0.46-0.43c pm	3.61	1.28-1.23 pm	3.39
Canada	2.0425-2.0525	2.0445-2.0455	0.30-0.21c pm	1.50	0.69-0.54 pm	1.20
Nethlnd.	3.46-3.48¼	3.46½-3.47½	1⅛-1⅛c pm	4.32	4-3⅞ pm	4.39
Belgium	63.56-64.01	63.55-63.65	17-12c pm	2.74	45-36 pm	2.55
Denmark	11.50-11.58¼	11.53½-11.54½	1½-¼ore pm	1.17	3¼-2½ pm	1.02
Ireland	1.0980-1.1080	1.1045-1.1055	par-0.10p dis	−0.54	.05-.20 dis	−0.45
W. Ger.	3.07¼-3.09	3.07½-3.08½	1½-1¼pf pm	5.36	4⅛-3⅞ pm	5.28
Portugal	215.86-218.00	215.86-217.50	66-159c dis	−6.25	183-457 dis	−5.93
Spain	198.52-200.22	198.52-198.82	63-112c dis	−5.28	142-203 dis	−3.46
Italy	2108-2128½	2116-2117	par-3lire dis	−0.86	4-8 dis	−1.13
Norway	10.89¾-10.95¾	10.91½-10.92½	3½-4½ore dis	−4.46	12¾-13¾dis	−4.83
France	9.96¾-10.02½	10.00½-10.01½	2¾-2¼c pm	2.85	6¾-6¼ pm	2.60
Sweden	10.28¾-10.33	10.29½-10.30½	¾-¼ore pm	0.44	1-par pm	0.19
Japan	227¾-229½	227¾-228¾	1¼-1⅛y pm	5.26	3¼-2⅞ pm	5.26
Austria	21.58-21.77	21.58-21.65	9¼-8¼gro pm	4.93	26¼-23¼ pm	4.57
Switz.	2.47½-2.49	2.47½-2.48½	1¼-1¼c pm	6.05	3¾-3¼ pm	5.54

Belgian rate is for convertible francs. Financial franc 64.15-64.25. Six-month forward dollar 2.41-2.36c pm. 12-month 4.48-4.38c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Aug 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4750-1.4850	1.4790-1.4800	0.46-0.43c pm	3.61	1.28-1.23 pm	3.39
Ireland†	1.3350-1.3430	1.3365-1.3375	0.60-0.25c pm	3.82	1.45-1.00 pm	3.67
Canada	1.3793-1.3840	1.3815-1.3825	0.23-0.26c dis	−2.12	0.74-0.79dis	−2.21
Nethlnd.	2.3330-2.3570	2.3455-2.3465	0.18-0.16c pm	0.89	0.60-0.55 pm	0.98
Belgium	42.95-43.15	42.95-43.05	2-4c dis	−0.84	7-11 dis	0.84
Denmark	7.77½-7.83	7.79½-7.80	1.25-1.85ore dis	−2.38	4.25-5.60dis	−2.37
W. Ger.	2.0700-2.0885	2.0810-2.0820	0.35-0.32pf pm	1.93	1.00-0.95 pm	1.87
Portugal	146-146¾	146¼-146½	80-160c dis	−9.76	250-430 dis	−9.22
Spain	134.65-135.40	134.65-134.75	95-100c dis	−8.24	220-270 dis	−7.27
Italy	1434½-1438	1438½-1439½	4½-6lire dis	−4.40	16½-17 dis	−4.64
Norway	7.35½-7.38¾	7.37¼-7.38¼	4.75-5.15ore dis	−8.05	15.10-15.50d	−8.30
France	6.72½-6.77	6.76¼-6.76¾	0.35-0.45c dis	−0.71	1.30-1.45dis	−0.81
Sweden	6.94¼-6.98	6.95¼-6.96¼	1.75-1.95ore dis	−3.19	5.40-5.80dis	−3.22
Japan	154.00-154.75	154.30-154.40	0.26-0.21y pm	1.82	0.71-0.68 pm	1.80
Austria	14.60-14.66	14.61½-14.62	2-1gro pm	1.23	5-3½ pm	1.16
Switz.	1.660-1.6880	1.6765-1.6775	0.33-0.28c pm	2.18	0.93-0.88 pm	2.10

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 43.35-43.45.

EXCHANGE CROSS RATES

Aug. 6	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.480	3.080	228.3	10.01	2.480	3.470	2117.	2.045	63.60
$	0.675	1.	2.083	154.4	6.765	1.677	2.346	1431.	1.382	43.00
DM	0.325	0.480	1.	74.11	3.250	0.805	1.127	687.2	0.664	20.65
YEN	4.381	6.482	13.49	1000.	43.86	10.87	15.20	9275.	8.959	278.6
F Fr.	0.999	1.478	3.077	228.0	10.	2.478	3.467	2114.	2.043	63.54
S Fr.	0.403	0.597	1.242	92.04	4.036	1.	1.399	853.4	0.825	25.65
H Fl.	0.288	0.426	0.888	65.78	2.885	0.715	1.	609.9	0.589	18.33
Lira	0.472	0.699	1.455	107.8	4.730	1.172	1.639	1000.	0.966	30.05
C $	0.489	0.723	1.506	111.6	4.895	1.213	1.697	1035.	1.	31.10
B Fr.	1.572	2.326	4.843	358.9	15.74	3.899	5.456	3328.	3.215	100

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

August 6	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	9⅞-10⅛	9⅞-10⅛	9⅞-10⅛	9⅞-9⅞	9⅞-9⅞	9⅞-9⅞
U.S. Dollar	5⅞-6⅛	6⅛-6½	6⅜-6½	6⅜-6½	6⅜-6½	6½-6⅝
Can Dollar	7⅝-8¼	7⅞-8¼	8⅛-8⅜	8¼-8⅜	8⅜-8⅜	8¾-9
D Guilder	5⅝-5⅞	5½-5¾	5⅝-5⅞	5⅝-5⅞	5⅝-5⅞	5⅜-5½
Sw. Franc	2½-2¾	2½-2¾	4⅛-4⅝	4⅛-4⅝	4⅛-4⅝	4⅛-4⅝
Deutschmrk	4⅛-4⅞	4⅛-4⅞	4⅛-4⅞	4⅛-4⅞	4⅛-4⅞	4⅛-4⅞
Fr. Franc	7-7¼	7-7¼	7⅛-7¼	7⅛-7¼	7¼-7⅜	7¼-7⅜
Italian Lira	9-10½	10-12	10⅜-11⅛	10⅜-11⅛	10¾-11⅛	11-11½
B.Fr.(Fin)	6⅞-7⅛	7-7¼	7⅛-7⅜	7⅛-7⅜	7¼-7½	7¼-7½
B.Fr.(Con)	6½-7⅛	7-7¼	7-7½	7-7½	7-7½	7-7½
Yen	4⅞-4⅞	4⅞-4⅞	4⅞-4⅞	4⅞-4⅞	4¾-4⅞	4⅞-4⅞
D. Krone	8⅞-9⅛	9-9¼	9⅜-9⅞	9⅝-9⅞	9¼-10	9¾-10¼
Asian $ (Sng)	5⅞-6⅛	6⅛-6⅞	5⅞-6⅛	6⅜-6½	6⅜-6½	6½-6⅝

Long-term Eurodollars: two years 7-7¼ per cent; three years 7½-7¾ per cent; four years 7¾-8 per cent; five years 8-8¼ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

CURRENCY MOVEMENTS

August 6	Bank of England Index	Morgan Guaranty Change %
Sterling	71.3	−21.1
U.S. Dollar	111.0	+2.6
Canadian Dollar	77.8	−12.5
Austrian Schilling	130.0	+7.9
Belgian Franc	96.1	−6.8
Danish Kroner	88.1	+0.5
Deutsche Mark	138.7	+17.1
Swiss Franc	167.5	+22.5
Guilder	128.6	+11.4
French Franc	69.6	−13.4
Lire	47.3	−16.5
Yen	218.2	+61.9

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

CURRENCY RATES

Aug. 6	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.812395	0.684154
US $	6	1.20421	1.01460
Canadian $	8.63	*	1.40269
Austria Sch	4	17.6441	14.8538
Belgian Fr.	8	51.8834	43.6761
Danish Kr.	7	9.39585	7.90477
D'mark	3½	2.50813	2.11068
Guilder	4½	2.82628	2.37823
French Fr.	9½	8.13444	6.84857
Lira	12	1734.34(1)	1452.66
Yen	3½	186.833	156.708
Norway Kr.	8	8.87683	7.47813
Span'h Pta.	—	162.809	137.073
Swedish Kr.	8	8.38010	7.06809
Swiss Fr.	4	2.02187	1.70098
Greek Drch	20½	162.809	137.384
Irish Punt	—	0.907427(1)	0.757732

* C$/SDR rate for August 5: 1.65699. (1) SDR rate for August 5.

OTHER CURRENCIES

Aug. 6	£	$
Arg'tina	1.3745-1.3770	0.9300-0.9310
Aus'alia	2.3890-2.3925	1.6130-1.6150
Brazil	20.35-20.47	13.77-13.84
Finland	7.3495-7.3695	4.9720-4.9740
Greece	198.30-201.78	133.70-135.98
H'kong	11.5450-11.5558	7.7990-7.8010
Iran	114.00*	76.75*
Kuwait	0.4290-0.4295	0.28938-0.28958
Lux'burg	63.55-63.65	42.95-43.05
Malaysia	3.8500-3.8800	2.6125-2.6175
N'Z'land	2.8510-2.8585	1.9250-1.9305
Saudi Ar.	5.5440-5.5475	3.7515-3.7520
Sin'pore	3.2000-3.2300	2.1740-2.1760
SAf (Cm)	3.8560-3.8985	2.6200-2.6270
S.Af.(Fn)	7.5925-8.0030	5.1285-5.4055
U.A.E.	5.4260-5.4310	3.6725-3.6735

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu August 6	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	43.1139	43.6761	+1.30	+1.30	±1.5388
Danish Krone	7.81701	7.90477	+1.12	+1.12	±1.6408
German D-mark	2.11063	2.11068	−0.01	−0.01	±1.1202
French Franc	6.87316	6.84857	−0.36	−0.36	±1.3701
Dutch Guilder	2.37833	2.37823	—	—	±1.5081
Irish Punt	0.764976	0.757732	−0.95	−0.95	±4.0788
Italian Lira	1476.95	1452.66	−1.64	−1.64	±1.6669

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

FINANCIAL FUTURES

Gilts and bonds fall

Long term gilts and US Treasury bond futures suffered from general nervousness and an erosion of confidence on the London International Financial Futures Exchange yesterday. Gilts weakened after disappointing UK bank lending figures announced on Tuesday and the failure of sterling to hold on to the gains involved with Opec's agreement to cut oil production, but September delivery closed at 120-06, unchanged from the opening and in the middle of the day's range, compared with 120-15 on Tuesday.

US Treasury bonds weakened on the result of the first leg of the Treasury's $28bn quarterly refunding package. The auction of $9.5bn in three-year notes was not the resounding success the market had hoped for, and increased worries about today's sale of $9bn in 30-year bonds. The result of today's auction will be particularly important for the market, and dealers were waiting nervously for guidance from last night's sale of $9.5bn in 10-year paper. News that Japanese insurance companies will be allowed to raise the amount of their foreign portfolio holdings to 30 per cent of total assets from 25 per cent lent some support to the contract, but September delivery lost ground to finish at 96-10, against 96-22 previously.

LIFFE LONG GILT FUTURES OPTIONS

Strike price	Calls—Last Sept	Dec	Mar	June	Puts—Last Sept	Dec	Mar	June
116	4.16	5.19	—	—	0.04	1.17	—	—
118	2.31	3.63	—	—	0.19	1.61	—	—
120	1.09	2.58	—	—	0.61	2.56	—	—
122	0.25	2.02	—	—	2.13	3.64	—	—
124	0.06	1.23	—	—	3.58	5.21	—	—
126	0.01	0.57	—	—	5.53	6.55	—	—
128	0.00	0.35	—	—	7.52	8.33	—	—
130	0.00	0.21	—	—	9.52	10.19	—	—

Estimated volume total, Calls 1,332, Puts 394
Previous day's open int, Calls 12,447, Puts 4,503

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike price	Calls—Last Sept	Dec	Mar	June	Puts—Last Sept	Dec	Mar	June
88	8.20	8.20	—	—	0.00	0.48	—	—
90	6.21	6.48	—	—	0.01	1.12	—	—
92	4.26	5.23	—	—	0.06	1.51	—	—
94	2.44	4.09	—	—	0.24	2.37	—	—
96	1.24	3.08	—	—	1.04	3.36	—	—
98	0.36	2.19	—	—	2.16	4.47	—	—
100	0.11	1.41	—	—	3.55	6.05	—	—
102	0.03	1.09	—	—	5.47	7.37	—	—

Estimated volume total, Calls 221, Puts 13
Previous day's open int, Calls 1,805, Puts 761

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike price	Calls—Last Aug	Sept	Oct	Dec	Puts—Last Aug	Sept	Oct	Dec
1.30	—	18.00	—	18.00	—	0.01	—	0.42
1.35	13.00	13.00	13.00	13.00	0.00	0.06	0.27	1.07
1.40	8.00	8.00	8.06	8.60	0.01	0.41	0.95	2.30
1.45	3.23	4.04	4.60	5.57	0.38	1.58	2.48	4.27
1.50	0.57	1.60	2.24	3.34	2.72	4.15	5.13	7.04
1.55	0.03	0.47	0.92	1.85	7.18	8.02	8.91	10.55
1.60	0.00	0.10	0.32	0.95	12.15	12.65	13.21	14.65

Estimated volume total, Calls 36, Puts 0
Previous day's open int, Calls 3,724, Puts 5,006

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last Aug	Sept	Oct	Dec	Puts—Last Aug	Sept	Oct	Dec
135	—	19.80	—	19.80	—	0.50	—	1.50
140	8.40	8.40	8.90	9.20	0.05	0.45	0.95	2.20
145	3.60	4.35	5.00	6.00	0.40	1.55	2.70	4.25
150	0.60	1.75	2.25	2.50	2.90	3.95	5.00	6.85
155	0.15	0.60	1.10	2.10	7.10	7.85	8.65	10.25
160	0.05	0.10	—	1.10	12.10	12.10	—	14.10
165	0.10	0.20	—	0.70	17.25	17.40	—	18.70

Previous day's open int, Calls 4,589, Puts 2,203
Volume, 29

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last Aug	Sept	Dec	Mar	Puts—Last Aug	Sept	Dec	Mar
1.30	—	17.70	17.70	—	—	—	0.40	—
1.35	—	12.70	12.80	13.00	—	0.05	1.05	2.15
1.40	—	7.75	8.50	10.10	—	0.36	2.15	3.70
1.45	3.00	3.80	5.45	6.35	0.20	1.45	4.00	5.60
1.50	0.50	1.55	3.40	4.40	2.50	3.90	6.70	8.60
1.55	—	0.50	1.75	2.80	6.90	7.70	10.00	11.90
1.60	—	0.15	0.90	1.70	11.70	12.20	14.00	15.60

Previous day's open int, Calls 39,619, Puts 34,852
Previous day's volume, Calls 1,081, Puts 1,020

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike price	Calls—Last Sept	Dec	Mar	June	Puts—Last Sept	Dec	Mar	June
92.25	1.29	1.27	1.21	—	0.00	0.01	0.04	—
92.50	1.04	1.04	0.99	—	0.00	0.03	0.07	—
92.75	0.79	0.81	0.79	—	0.00	0.06	0.12	—
93.00	0.54	0.61	0.60	—	0.00	0.10	0.18	—
93.25	0.31	0.42	0.43	—	0.02	0.16	0.26	—
93.50	0.12	0.28	0.30	—	0.08	0.27	0.38	—
93.75	0.03	0.16	0.19	—	0.24	0.40	0.52	—

Previous day's open int, Calls 1,383, Puts 1,644
Estimated volume, Calls 203, Puts 206

CHICAGO

US TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	96-12	96-16	96-05	96-18
Dec	95-17	95-23	95-11	95-24
March	94-21	94-27	94-16	94-28
June	93-25	93-25	93-24	94-01
Sept	—	—	—	93-08
Dec	—	—	—	92-17
March	—	—	—	91-28
June	—	—	—	91-08
Dec	—	—	—	90-09
March	—	—	—	89-28

US TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	94.41	94.45	94.41	94.43
Dec	94.48	94.52	94.48	94.49
March	94.44	94.46	94.44	94.45
June	94.29	94.29	94.28	94.30
Sept	94.07	94.08	94.05	94.09
Dec	93.85	93.87	93.83	93.87
March	93.64	93.64	93.62	93.66

CERT DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	—	—	—	93.89
Dec	—	—	—	93.86

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	93.54	93.54	93.51	93.53
Dec	93.50	93.53	93.48	93.50
March	93.41	93.43	93.39	93.40
June	93.22	93.24	93.20	93.21
Sept	92.96	92.99	92.94	92.96
Dec	92.69	92.73	92.69	92.70
March	92.43	92.47	92.43	92.45
June	92.19	92.23	92.19	92.20

LONDON

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev
Sept	100-58	101-02	100-58	101-01
Dec	100-58	—	—	101-01
March	100-56	—	—	101-01

Est. Volume 186 (435)
Previous day's open int. 1,035 (1,122)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
Sept	120-06	120-14	119-28	120-15
Dec	120-01	120-01	120-01	120-10
March	119-27	—	—	120-04
June	119-27	—	—	120-04

Est. Volume 6,538 (10,343)
Previous day's open int. 13,054 (13,016)
Basis quote (clean cash price of 13% Treasury 2004/08 less equivalent price of near futures contract) −4 to 4 (32nds)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
Sept	90.23	90.25	90.21	90.27
Dec	90.51	90.53	90.49	90.56
March	90.51	90.52	90.48	90.54
June	90.38	90.41	90.38	90.44
Sept	90.26	90.29	90.24	90.32

Est. Volume 2,215 (5,918)
Previous day's open int. 14,516 (14,708)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Sept	93.54	93.54	93.50	93.55
Dec	93.51	93.53	93.49	93.53
March	93.42	93.43	93.40	93.44
June	93.23	93.24	93.20	93.27
Sept	92.97	92.99	92.94	93.02

Estimated volume 2,835 (5,080)
Previous day's open int 19,504 (19,234)

FT—SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
Sept	156.55	158.20	156.50	158.50
Dec	159.40	—	—	161.65
March	161.90	—	—	164.15

Estimated volume 433 (443)
Previous day's open int 2,577 (2,495)

US TREASURY BONDS
$100,000 32nds of 100%

	Close	High	Low	Prev
Sept	96-10	96-18	96-02	96-22
Dec	95-18	95-16	95-16	95-30

Estimated volume 3,976 (6,521)
Previous day's open int 7,940 (7,756)

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4795	1.4751	1.4670	1.4557	1.4353

IMM—STERLING $s per £

	Latest	High	Low	Prev
Sept	1.4720	1.4780	1.4705	1.4785
Dec	1.4595	1.4665	1.4580	1.4670
March	1.4475	1.4515	1.4450	1.4535
June	1.4330	—	1.4330	1.4405

LIFFE—STERLING £25,000 $s per £

	Close	High	Low	Prev
Sept	1.4745	1.4773	1.4740	1.4790
Dec	1.4630	—	—	1.4675
March	1.4520	—	—	1.4565

Estimated volume 210 (48)
Previous day's open int 1,630 (1,622)

STERLING INDEX

	Aug 6	Previous
8.30 am	71.4	71.7
9.00 am	71.4	71.9
10.00 am	71.5	71.9
11.00 am	71.5	71.9
Noon	71.5	72.1
1.00 pm	71.5	72.1
2.00 pm	71.4	72.1
3.00 pm	71.3	72.1
4.00 pm	71.3	71.8

MONEY MARKETS

London rates little changed

Interest rates were little changed on the London money market yesterday, although any mood of optimism after the Opec oil agreement evaporated, after Tuesday's rather disappointing UK money supply figures, particularly on bank lending and as oil prices fell back coupled with a weakening of sterling. Three-month interbank closed at 9⅞-9⅞ per cent compared with 9⅞-9⅞ per cent. In early trading three-month money was offered at 10 per cent in places.

The Bank of England forecast a money market shortage of £900m and provided total help of £825m.

An early round of assistance was offered, and at that time the authorities bought £77m bills outright, by way of £5m bank bills in band 1 at 9⅞ per cent; £37m bank bills in band 2 at 9⅞ per cent; £17m bank bills in band 3 at 9⅞ per cent; and £18m bank bills in band 4 at 9⅞ per cent.

Another £238m bills were purchased before lunch, including £148m outright, through £2m bank bills in band 1 at 9⅞ per cent; £88m bank bills in band 2 at 9⅞ per cent; £52m bank bills in band 3 at 9⅞ per cent; and £6m bank bills in band 4 at 9⅞ per cent. A further £90m bills were bought for resale to the market on September 1 at a rate of 9⅞ per cent.

In the afternoon the central bank gave help of £510m, including £456m outright, by way of £54m bank bills in band 1 at 9⅞ per cent; £84m Treasury bills in band 2 at 9⅞ per cent; £157m bank bills in band 2 at 9⅞ per cent; £5m Treasury bills in band 3 at 9⅞ per cent; £28m local authority bills in band 3 at 9⅞ per cent; £129m bank bills in band 3 at 9⅞ per cent; and £1m bank bills in band 4 at 9⅞ per cent. Another £54m bills were purchased for resale to the market on September 1 at 9⅞ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £319m, with the unwinding of repurchase agreements absorbing £335m; Exchequer transactions £150m; a rise in the note circulation £75m; and bank balances below target another £5m.

UK clearing bank base lending rate 10 per cent since May 22

NEW YORK RATES
(Lunchtime)

Prime rate	8
Broker loan rate	7½
Fed funds	6⅛
Fed funds at intervention	6⅛
Treasury Bills & Bonds	
One month	5.32
Two month	5.85
Three month	5.87
Six month	6.02
One year	6.16
Two year	6.59
Three year	6.78
Four year	6.98
Five year	7.10
Seven year	7.32
10 year	7.43
30 year	7.57

FT LONDON INTERBANK FIXING

(11.00 a.m. August 6)

Three months US dollars		Six months US dollars	
bid 6⅜	Offer 6½	bid 6⅜	Offer 6½

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

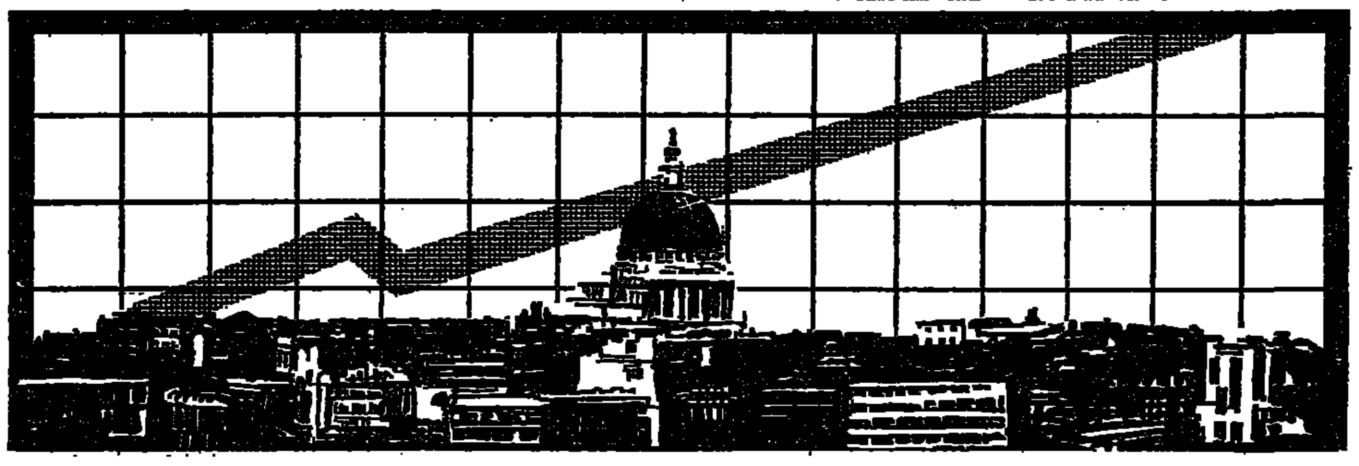
MONEY RATES

August 6	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard In'v'ti'n
Frankfurt	4.50-4.60	4.60-4.70	4.65-4.70	4.65-4.70	4.60-4.75	5.5
Paris	7	7⅛-7¼	7⅛-7¼	7⅛-7¼	7⅛-7¼	7
Zurich	1⅞-1⅞	4⅞-4⅞	—	4⅞-4⅞	—	—
Amsterdam	5¼-5⅞	5⅝-5¾	—	5⅞-5⅞	—	—
Tokyo	4.53125	4.71875	—	4.71875	—	—
Milan	11¼-12½	11⅜-11¾	—	11¼-11⅝	—	—
Brussels	8	7⅛-7⅞	—	7¼-7⅜	—	—
Dublin	9⅞-9¾	9⅞-10	10-10¼	9⅞-10¼	10-10⅛	—

LONDON MONEY RATES

August 6	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	6-10¼	9⅞-10⅛	9⅞-10⅛	9⅞-9⅞	9¾-9⅞	9¾-9⅞
Sterling CDs	—	—	9⅞-10	9¾-9⅞	9⅞-9⅞	9⅞-9⅞
Local Authority Depos	9⅝-9⅞	9¾-9⅞	9⅞	9⅞	9⅞	9¾
Local Authority Bonds	—	—	10⅛	10⅛	10⅛	10⅛
Discount Mkt. Depos	7-10⅛	9⅞-9⅞	9⅞	9⅞	—	—
Company Depos	9¼-10	9⅞-10⅛	10-10⅛	10	9⅞	9⅞
Finance House Depos	—	—	9⅞	9⅞	9⅞	9⅞
Treasury Bills (Buy)	—	—	9⅞	9⅞	—	—
Bank Bills (Buy)	—	—	9⅞	9⅞-9⅝	9⅞	—
Fine Trade Bills (Buy)	—	—	10⅛	10¼	10⅛	—
Dollar CDs	—	—	6.40-6.45	6.35-6.40	6.35-6.40	6.40-6.45
SDR Linked Depos	—	—	6⅛-6⅛	6⅛-6⅛	6⅛-6⅜	6⅛-6⅜
ECU Depos	—	—	7⅛-7⅛	7⅛-7⅛	7⅛-7⅛	7⅛-7⅛

Treasury Bills (sell): one month 9¹¹⁄₁₆ per cent; three months 9½ per cent. Bank Bills (sell): one month 9²³⁄₃₂ per cent; three months 9²³⁄₃₂-9²¹⁄₃₂ per cent. Treasury Bills: Average tender rate at discount 9.5021 per cent. ECGD Fixed Finance Scheme IV reference date July 2 to August 5 (inclusive): 10.009 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10 per cent from August 1, 1986. Bank Deposit Rates for sums at seven days' notice 4.25-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10 per cent; one-three months 9¾ per cent; three-six months 9¾ per cent; six-nine months 9¾ per cent; nine-12 months 9¾ per cent. Under £100,000 9¾ per cent from August 8. Deposits held under Series 5 9¾ per cent. Deposits withdrawn for cash 5½ per cent.



LONDON SHARE SERVICE

BRITISH FUNDS

1986 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102	100½	Exch. 14pc 1986	100	-	13.89	9.94
98	94¾	Exch 2½pc 1986	98		2.53	7.04
102	100½	Exch 13¼pc 1987	101	-	13.07	9.81
100¾	97	Treas 10¼pcCv '87	100¼xd	...	10.23	9.66
97⅞	92	Exch 2½pc 1987	97⅞xd	...	2.56	6.96
101½	97½	Exch 10½pc 1987	100½	-	10.46	9.81
98⅝	93⅝	Funding 6½pc '85-87‡‡	98½	...	6.61	8.78
101½	96	Treas. 10pc 1987	100	-	9.99	9.70
97	90¾	Treas 3pc 1987	96½	...	3.11	7.07
104½	97½	Treas. 12pc 1987	102	-	11.72	9.77
99¼	92	Treas 7¾pc 1985-88‡‡	98½	-	7.90	9.11
104	96½	Exch 10½pc '88	101¼	-	10.37	9.73
102⅝	95¼	Treas 9¾pc Cv '88	100½	-	9.74	9.65
94¼	86⅝	Transport 3pc '78-88	92	...	3.23	7.03
102½	93	Treas. 9½pc '88	99¼		9.53	9.59
107	98	Treas 11½pc 1989	104xd	...	11.04	9.60
103½	93½	Treas 9½pc Cnv. '89	99	-	9.52	9.56
92¼	82	Treas 3pc 1989	89½	-	3.35	7.13
105	95	Treas 10½pc 1989	102¼	......	10.27	9.56
104	94¼	Exch 10pc 1989	101	.....	9.90	9.58
107	97	Exch 11pc 1989	103	-	10.61	9.58
93	84½	Treas 5pc 1986-89	91½	-	5.47	8.06
110	94⅝	Exch 10¼pcCv '89	105	-	9.73	8.29
114	103	Treas 13pc 1990‡‡	110¼	-1	11.80	9.62
108¼	97¼	Exch 11pc 1990‡‡	104½xd	-	10.53	9.45
113¼	101	Exch. 12½pc 1990	108⅞	-	11.49	9.53
89¼	79⅝	Treas. 3pc 1990	86½	-	3.47	7.16
100	89¼	Treas 8¼pc 1987-90‡‡	97½	-	8.47	9.02
106	93	Treas. 10pcCv 1990	101	-	9.83	9.45
86	76½	Exch 2½pc 1990	83⅝	-	2.99	6.97
112	99	Treas 11¾pc 1991	108	-	10.88	9.47
94¼	85	Funding 5¾pc '87-91‡‡	91½	-	6.29	7.96
86½	83½	Treas. 3pc 1991●	83½	-	3.59	7.08
		Five to Fifteen Years				
		Over Fifteen Years				
		Undated				
		Index-Linked				

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

1986 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
317	210	Morgan Crucible	268	−2	8.5	1.7	4.5	16.8
23½	15½	Morris (W) F A. 20p	16		—	—	—	—
139	96	Moss (Robt.) 10p	132		13.3	2.7	3.5	14.2
141	65	Mysan Grp 10p	126	+1	2.63	2.6	2.9	16.3
365	259	NMW Computers	295	+5	6.0	3.0	2.9	17.0
40	27	Nash Inds.	39		10.5	—	1.8	—
27½	15½	Neil & Spencer 10p	21		—	—	—	—
39	28	Newman Inds 10p	34	−1	0.8	1.2	3.4	(32.7)
134	69	Noble & Lund 10p	126		0.7	4.3	0.8	41.5
65	44	Nolton	47		10.95	7.0	2.9	6.7
138	96	Norank Systems 5p	129	+1	—	—	—	16.5
286	187	Norcros	244	−1	9.3	2.2	5.4	11.7
180	49	Nu-Swift 5p	175	+2	3.5	2.1	2.8	23.5
£303	£228	OCE 9pc Cnv 1987-92	£292		Q9%	—	13.1	—
118	80	Oakwood Grp.	90	−3	15.0	1.3	‡	12.5
250	203	Office & Elect.	228		8.5	2.9	5.4	9.0
183	70	Oldacre 20p	175		5.0	◆	4.1	◆
36	24	Optometrics $0.01	28		—	—	—	—
835	500	Oriflame £1	815	+10	24.5	2.1	4.2	15.8
10	6	Owenstone 12½c	6		03.23c	1.9	14.1	3.7
142	85	PCT Grp 10p	115		3.2	◆	5.8	◆
£20½	950	PLM 'B' Sk 25	£17	−¼	Q25.2%	0.3	3.4	—
184	114	PSM Intl.	147		5.5	2.1	5.3	11.2
255	167	Pacer Systems $0.01	210			3.8	1.3	25.4
78	56	Pacific Sales 10p	62	−1	3.0	2.1	6.8	8.1
342	225	Park Place 10p	330		16.25	1.9	2.7	27.7
465	246	Parker Knoll 'A'	390	−10	19.5	2.9	3.4	14.2
555	206	Parkfield Group 5p	520	−5	3.6	◆	1.0	◆
53	30	Pavion Intl	31		—	—	—	8.2
£130	£92	Do 11pc CvLn '94-02	£104	−1	Q11%	—	11.1	—
608	393	Pearson	505	−2	10.0	2.8	2.8	16.8
26	12	Peek Holdings 7p	20½		—	—	—	—
130	88	Peerless	118	+3	6.3	—	7.5	—
519	141½	Pentland 10p	415		0.75	22.4	0.3	23.5
£14	775	Photo-Me	£12¾	+⅛	15.08	8.3	0.6	—
475	315	Pilkington Br. £1	487	−3	13.5	2.7	4.7	(8.8)
£388	£293	Pitney-Bowes Cm. Ln.	£388		Q5½%	—	1.4	—
96	52	Plastic Const. 10p	77		2.8	2.5	5.2	10.7

LEISURE—Continued

1986 High	Low	Stock	Price	+ or −	Div Net
115	58	Leisuretime Int 10p	88	−1	2.3
117	100	Lnemar	105	+3	u2.63
220	140	Media Tech Int 20p	140		L2.58
170	135	Medminster 10p	135		5.35
220	130	Miss World 10p	190		5.2
90	62	Nationwide Leisure	71		3.75
17	10½	Norsio Int 20c	13		—
35½	23	Owners Abroad 3p	32		1.5
90	46	Photax (Lon.)	63	+3	—
34	28½	P'dilly Radio NV 5p	30½		2.0
73	25½	Pineapple 10p	70	+2	—
391	280	Pleasurama 5p	318	−2	7.5
178	136	Do. 7pcCvCmRedPf.	154		7%
43	18	Radio City 'A' NV	37	+2	—
48	33	Radio Clyde N/V	40		3.25
393	322	Really Useful Grp 5p	378		b11.25
64	44	Riley Leisure 10p	45		—
230	134	Saga Hols. 20p	195	+1	4.6
355	225	Samuelson Grp 20p	225	−5	2.4
123	73	Sangers Photo 10p	90		2.2
178	138	Scanro 50p	148		4.0
340	175	Scott. TV 10p	328		10.5
294	114	SeaCo Inc $0.125	159		—
27	7	SelecTV 10p	22	−½	—
37	20	Spectrum 5p	27		1.2
46	31	TSW 5p	45		1.7
279	144	TVS N/Vtg 10p	220	+1	M10.0
188	118	Television Svcs 50p	128	−2	2.0
72	50	Tottenham Hotspur	69		4.0
96	66	Trilion 10p	73		1.1
260	140	Tyne Tees TV 'A' £1	245		a10.5
135	104	Ulster TV N/V 'A'	132		5.25
100	52	Viewplan 5p	72	+2	1.26
200	118	WSL 5p	208	+5	—
28	17½	Webb (Jos.) 5p	26	+1	0.5
27½	16½	Williams (Rex) 5p	22½		0.91
186	125½	Zetters 5p	183		5.0

MINES—Continued

1986 High	Low	Stock	Price	+ or −	Div Net	C'vr	Gr's
42	23½	Anglo Utd Dev	25	−3	1.07	◆	6.0
60	44	Colby Res Corp.	44		—	—	—
300	120	Cons. March 10c	120		Q100c	◆	16.8
34	26	Ennex Int Ir10p	27		—	—	—
102	70	Greenwich Res	85		—	—	—
157	93	Hampton Areas 10p	146		1.0	—	1.0
284	165	Highwood Res.	274	+6	—	—	—
£19⅝	£13⅝	Homestake Mining $1	£15½	−⅛	Q20c	—	0.9
310	175	McFinley Red Lake	180	−5	—	—	—
285	172	Mosto Explorations	176	−4	—	—	—
51	31½	New Sabina Res C$1	45	+1	—	—	—
260	200	Northgate C$1	224	−7	—	—	—
790	513	RTZ	550	−7	22.0	2.8	5.6
£164	£115	Do. 9½pcLn '95-2000	£123½	−1	Q9½%	15.5	7.8

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ‡ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- ¢ Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being [illegible]

Albany Inv 20p	60		Fin 13% 97/02	£114⅞	+½
Craig & Rose £1	900	−100	Arnotts	315	
Finlay Pkg. 5p	42		CPI Hldgs.	45	
Holt (Jos) 25p	805		Carrol Inds.	150	
IoM Stm. £1	86		Dublin Gas	30	
			Hall (R. & H.)	70	
IRISH			Heiton Hldgs.	29½	
Fund 11¼% 1988	£100¼		Irish Ropes	95	
Nat 9¾% 84/89	£98½		Unidare	210	+5

"Recent Issues" and "Rights" Page 35
(International Edition Page 21)

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £875 per annum for each security.

Account Dealing Dates

Option *First Dealings	Declara-tions	Last Dealings	Account Day
July 28	Aug 7	Aug 8	Aug 18
Aug 11	Aug 28	Aug 29	Sept 8
Sept 1	Sept 11	Sept 12	Sept 22

* "New-time" dealings may take place from 9.30 am two business days earlier.

FT Ordinary index sustains largest points fall ever of 32.1 at 1233.7

A thoroughly depressed London share market treated all news bearishly yesterday and the FT Ordinary index tumbled during a nervous trading session. It closed showing the biggest one-day points fall ever of 32.1 at the lowest level since mid-February of 1233.7. The tone was weak from the outset with the market expressing scepticism over the recent Opec agreement and despondency over engineering leader GKN's warning on second-half trading prospects; the group's interim profits were disappointing and below the lowest broking house estimates.

Concern about the continued sharp growth in bank lending, which ruled out any chance of lower interest rates this summer, and revived cash worries contributed to the uneasy atmosphere. Boots confirmed the intention of raising £377.5m, necessary for the acquisition of Flint Laboratories of the US, and 184.2m shares were placed yesterday at 205p per share. The deal coming so soon after Rowntree Mackintosh's call for £144m on Tuesday, heightened fears over the increasing demands on available market funds.

The official block on the proposed GEC bid for rival Plessey—the Monopolies and Mergers Commission decided the merger was against the public interest—was also unsettling. There was little doubt, however, that the more damaging influence on sentiment was the dramatic fall in the price of GKN shares. This brought weakness in a range of ancillary engineering and motor stocks. A succession of nervous sales lowered GKN to 280p before a close of 290p for a drop of 56 on the day.

Double-digit falls were recorded in most sectors with Boots losing 11 more for a loss so far this week of 40 to 213p. Leading oils ran into profit-taking as crude oil prices lost buoyancy but British Petroleum, down 20 at 590p, were the only major loser. The trend of the FT-SE 100 share was steadied by its oil weighting and the index ended 21.2 lower at 1540.4.

Government securities escaped the mood of depression, being helped by a steady exchange rate. Longer issues began a shade easier but picked up on small demand to settle only marginally cheaper on the day. The pattern was repeated at the shorter end of the market.

Composites weak

Fears of substantial claims arising from the floods in Sydney, Australia, prompted marked weakness in Composite Insurances ahead of the forthcoming interim dividend season. GRE were particularly vulnerable and dropped to 800p at one stage before closing the session 27 down at 812p. General Accident, which along with Commercial Union are the first to report half-year figures next Wednesday, fell 23 to 789p, after 783p; CU ended 9 off at 292p. Royals plummeted 21 to 803p, after 794p, and Sun Alliance cheapened 26 at 662p.

Barclays, scheduled to conclude the dividend season today—brokers estimates range between £445m and £480m—lost 8 at 475p. NatWest cheapened 5 at 502p, but Midland edged forward a penny to 548p. Among merchant banks, Kleinwort Benson celebrated the bumper interim profits and proposed 50 per cent scrip issue with a rise of 25 at 740p.

As widely anticipated, Marina Development Group made a quietly dull debut. The shares opened and closed at 90p, a discount of 20p to the offer price.

Dealers reported extremely subdued conditions among Breweries, most of which closed a few pence easier reflecting lack of investment incentive following the decision to refer the supply of beer for sale to the Monopolies Commission. Bass, 738p, and Allied-Lyons, 315p, gave up 7 and 5 respectively. Whitbread, the subject of a bullish circular from brokers de Zoete and Bevan following a visit to the company's retail division, closed a few pence lower at 257p. In Regionals, recent speculative high-flier J. A. Devenish reacted 12 to 220p amid scrappy selling.

Building issues went lower owing to a lack of support. Blue Circle drifted off to close 5 cheaper at 560p, while Rugby Portland Cement shed 3 to 147p and RMC lost 4 to 638p. Tarmac gave up 6 for a two-day fall of 10 to 450p and BPB Industries relinquished 5 to 495p. Marley, with interim figures expected towards the end of the month, cheapened 3 more to 106p. Among Timbers, Magnet and Southerns, 174p, and Meyer International, 242p, both shed 4. Elsewhere, Raine Industries edged up to 69½p, on the announcement that Royal Heritage Life Assurance has increased its stake to 8.32 per cent, but subsequently drifted back to close a penny cheaper on balance at 68p. Wiggins attracted speculative support and gained 5 to 146p, while Ben Bailey added 3 to 30p, after 32p, following small buying in a restricted market. Ibstock Johnsen, a firm market in recent days on takeover hopes, edged up to 186p prior to closing unchanged at 184p.

Yorkshire Chemicals were marked up to 153p on news of the interim profits recovery and return to the dividend list before a bout of profit-taking left the price 2 cheaper on balance at 146p. ICI slipped to 977p before settling only a couple of pence cheaper at 980p. Elsewhere, the chairman's cautiously optimistic statement at the annual meeting failed to sustain Amersham International which shed 6 to 400p.

Blacks Leisure, having been supported up to 11p bid at one stage on Tuesday amid vague rumours of a bid for Sears, plummeted to a 1986 low of 5½p before closing 4 down on balance at 6½p following the Board's revelation that it had received a bid approach, valuing the shares substantially below the present market price. Elsewhere in a quiet Stores sector, Burton softened a couple of pence to 278p and Dixons dipped 4 at 328p. Among Shoe concerns, FII, at 345p, were suspended at the company's request. The group is currently negotiating the acquisition of a substantial unlisted company.

Engineering losses

Unsettled by the poor interim statement from GKN, other Engineers encountered nervous offerings. Among the leaders Hawker dipped 26 to 491p and Vickers settled with a fall of 12 at 401p. TI Group, awaiting today's half-year figures gave up 9 to 496p. Losses of around 8 were recorded in Laird Group, 230p, Delta, 174p, Desoutter, 235p, and Simon 225p. Glynwed remained on offer following comment on the interim figures and shed 6 more to 300p, while Rotork, also on the half-year results, eased a like amount to 122p. Resisting the trend, Braithwaite improved 6 more to 128p following the annual meeting.

Apart from GEC, down 6 at 190p, and Plessey, 8 lower at 198p, losses in the other leading Electricals were relatively modest. British Telecom, however, gave up 6 to 186p. D. J. Security Alarms featured secondary issues, rising 27 to 115p on persistent bid speculation. In contrast, Ferranti, the subject of recent takeover talk, met with selling and gave up 10 to 114p. Rodine dipped to 385p on the third quarter loss before closing 25 down on balance at 400p, while the increased annual deficit left Oceanics 3 off at 17p. Profit-taking clipped 6 from Amstrad at 130p. Falls of around 10 were marked against Bowthorpe, 520p and Stone International, 158p.

Rowntree Mackintosh remained on offer in the wake of the £144m rights issue which will principally finance the acquisition of US confectionery concern Sunmark and the price fell 17 more to 380p, a two-day loss of 37. Cadbury showed a sympathetic fall of 4 at 162p. Tate and Lyle drifted off to close 7 cheaper at 550p, while Unigate slipped 3 to 280p. Among Retailers, the continued absence of any takeover developments left Bejam 5 down at 163p. Elsewhere, Sidney C. Banks rose 20 to 328p reflecting the good annual results, while Squirrel Horn put on 5 for a two-day gain of 10 to 47p on bid speculation.

In a dull Hotel sector, Trusthouse Forte shed 4 to a year's low of 145p, while Grand Metropolitan lost 8 to 380p. Ladbroke eased 3 to 340p, but Kennedy Brookes continued to reflect the good results and hardened 2 afresh to 238p.

Beecham down

Beecham, unsettled to a certain extent by comment on the recent board appointements, met with nervous offerings and fell away to close 12 cheaper at 213p. Elsewhere in the miscellaneous industrial leaders, Metal Box, 153p, and Reed International, 235p, reacted 10 apiece, while BTR drifted off to close 5 cheaper at 288p. Among secondary issues, Brown and Tawse, still reflecting the proposed rights issue to fund two acquisitions, gave up 5 more to 158p for a two-day loss of 13. The increased interim dividend and profits failed to stimulate Smith and Nephew which closed a few pence easier at 120p. Sycamore, in contrast, encountered revived speculative demand and put on 5 to 30p. Occasional offerings left Rank Organisation down 7 at 483p and Turner and Newall 6 cheaper at 185p.

Among Leisure issues, WSL continued to attract buyers on expansion hopes and firmed 5 afresh to 200p. Television South were quoted ex rights at 220p; the new nil paid shares opened at 19p premium and moved up to 23p premium.

Comment on the excellent interim figures helped T. Cowie advance to a new peak of 216p before reacting on profit-taking to close only 2 dearer on balance at 208p. Elsewhere in Motors, AE, currently in receipt of an unwelcome bid from Turner and Newall, fell 11 to 210p awaiting further developments. Lucas gave up 14 to 516p, after 510p, in sympathy with the weakness in GKN.

BPCC featured Paper/Printings with a speculative rise of 15 to 263p. Saatchi, meanwhile, fell 20 to 640p; the group's acquisition of Ted Bates Worldwide was approved at an EGM yesterday.

Leading Properties gave a steady performance despite the shake-out elsewhere. Land Securities were only a penny cheaper on the day at 319p, while MEPC closed unchanged on balance at 325p. Hammerson A were 5 off at 435p. Elsewhere, Property Security and Investment gained 8 to 129p, after 130p, reflecting the better-than-expected asset valuation that accompanied the annual results. Imry rose 10 to 355p pending the outcome of bid talks with an unnamed party.

NMC Investments, a firm market of late following the increased stake taken in the company by the Saatchi brothers, retreated 7 to 138p on profit-taking. Aitken Hume softened a couple of pence more to 127p following the lapsing of Tranwood's offer. Silvermines recovered 4 at 99p.

Oils give ground

The oil majors, sharply higher on Tuesday following news of Opec's surprise agreement to cut oil production from 20.3m barrels per day to 16.7m bpd, turned easier as commentators expressed reservations about the agreement holding. British Petroleum, which led the sector higher on Tuesday with a 37p rise, came back 20 to 590p. Shell, however, at 833p, lost only 5 of the previous day's gain of 28; the interim statement is due today. Britoil gave up 5 to 115p, after 113p, while Enterprise and LASMO shed 2 apiece, to 117p and 111p respectively. Ultramar were finally 4 cheaper at 156p and Tricentrol 3 off at 58p. Triton Europe lost 5 at 98p.

Plantations were featured by a fresh speculative flurry in Grand Central which jumped 6½ to 67p on further consideration of recent Press comment. Harrison Malaysian added 4 at 72p following acquisition details.

Pretoria's combative reply to threatened sanctions against the Republic advocated by some Commonwealth countries — Foreign Minister Mr Pik Botha is set to impose fresh restrictions on trade with neighbouring black states Zambia and Zimbabwe—again precluded business in South African mining markets.

Initial Cape support for heavyweight Golds failed to entice noticeable interest in either London or the Continent. Dollar prices of Golds, however, finished around the day's best levels reflecting a slight weakening of the Financial Rand and the firmer metal price — bullion touched $363.25 before closing a net $2 better at $361 an ounce. Sterling quotations, on the other hand, were affected by exchange rate considerations and consequently the FT Gold Mines index managed a gain of only 0.2 to 193.3.

The continued strength of Platinum—the metal was $477 an ounce at the afternoon fixing—lifted major producers Impala 5 to 605p and Rustenburg 20 to 600p.

An encouraging performance by overnight Sydney and Melbourne, which partly reflected the firmer Australian dollar, stimulated occasional London buying of leading resource stocks. Gains of 4 were common to Western Mining, 140p, CRA, 240p and Peko-Wallsend, 219p. Golds made fresh progress as investors continued to switch out of South Africans. Central Norseman, a buoyant market recently, advanced 15 more to 406p.

Traded Options

The severe shake-out among the underlying securities resulted in a lively and evenly-balanced business in Traded Options. Total contracts struck amounted to 19,828, the highest since the expiry of the June series two weeks ago. GKN attracted 3,205 calls and 900 puts despite the poor interim statement, while Boots contributed 1,650 calls and 3,330 puts in the wake of the massive vendor placing to finance its purchase of Flint Laboratories. Shell recorded 1,058 calls and 461 puts ahead of today's half-time statement.

FINANCIAL TIMES STOCK INDICES

	Aug 6	Aug 5	Aug 4	July 1	July 31	year ago	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Government Secs	89.02	89.21	88.65	88.90	89.06	83.12	94.51 (18/4)	80.39 (23/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	95.87	96.12	95.85	95.97	96.02	88.29	97.68 (7/7)	86.55 (23/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,233.7	1,265.8	1,261.5	1,273.4	1,272.0	955.7	1,425.9 (3/4)	1,094.3 (14/1)	1,425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	193.3	193.1	196.5	196.0	193.3	310.9	357.0 (27/2)	185.7 (18/7)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.46	4.35	4.37	4.33	4.34	4.87				
Earnings Yld.%(full)	10.81	10.58	10.63	10.35	10.55	12.03				
P/E Ratio (net) (*)	11.28	11.53	11.47	11.58	11.56	10.25				
Total Bargains (Est)	22,439	21,683	20,770	19,101	22,333	19,523				
Equity Turnover £m.	—	596.12	456.05	338.34	488.51	313.41				
Equity Bargains	—	20,707	17,830	15,902	18,259	14,791				
Shares Traded (ml).	—	266.8	234.4	182.2	224.9	166.9				

S.E. ACTIVITY

Indices	Aug. 5	Aug. 4
Gilt Edged Bargains	135.4	112.6
Equity Bargains	134.2	115.5
Equity Value	1204.9	921.8
5-Day Average		
Gilt Edged Bargains	112.8	108.3
Equity Bargains	119.5	117.7
Equity Value	975.5	919.0

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1260.0	1249.5	1244.9	1238.8	1234.2	1233.8	1234.0	1234.7

Day's High 1260.0. Day's Low 1233.0.

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=10.90.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

Business failures show decline

TRADE INDEMNITY, the credit insurance company, reports that 254 business failures were notified by its policy-holders last month compared with 334 in July last year.

In the first seven months of this year, 2,043 failures were notified, a fall of 10.7 per cent on the corresponding period last year. With the exception of furniture and upholstery, where failures showed a small rise, all trades registered declines in failures, ranging from 14 per cent in chemicals to 27.1 per cent in textiles and clothing.

The 12-month moving average of total failures, which is a better indicator of current trends, fell to 297 last month, its lowest level since the company started compiling this index in December 1982.

On a regional basis, excluding the south-east where failures fell by 15.9 per cent in the first seven months of the year compared with the corresponding 1985 period, the rest of the UK saw a decline of 8.6 per cent on a year earlier.

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS: 38,140

A=Ask B=Bid C=Call P=Put

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug 4	Aug 15	Nov 6	Nov 17
Aug 18	Sept 5	Nov 20	Dec 1
Sept 8	Sept 19	Dec 4	Dec 15

For rate indications see end of Unit Trust Service

Money was given for the call of "The Times" Veneer, Press Tools, Parkdale, Wiggins, Thurgax Bardex, Dowty, Raine Industries, Rowntree Mackintosh, Britoil, Amstrad, Boots, Polly Peck, Ramar Textiles, Newman Industries, STC, Mount Charlotte, Allied Irish Banks, Pentland, Mercury International, and Hawtin. No puts were reported, but a double option was taken out in Mercury International.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Boots	213xr	−11	Lasmo	111	− 2
Cowie (T.)	208	+ 2	Lucas Industries	516	−14
GKN	290	−56	Plessey	198	− 8
General Accident	789	−23	Saatchi and Saatchi	640	−20
GEC	190	− 6	Shell Transport	833	− 5
Hawker Siddeley	491	−26	Sun Alliance	662	−26

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Tues. close	Day's change	Stock	No. of changes	Tues. close	Day's change
BP	29	610	+37	Lasmo	17	113	+16
Britoil	26	120	+15	Cable & Wire.	16	675	+12
Shell Transport	24	838	+28	RTZ	15	557	+17
Boots	23	224	−19	Trafalgar Hse.	14	275	+12
Enterprise Oil	20	119	+17	ICI	13	982	+ 2
Triton Europe	18	103	+20	Rowntree Mck.	13	397	−20

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	1	67	27
Corporations, Dominion and Foreign Bonds	0	20	51
Industrials	166	410	807
Financial and Properties	81	118	379
Oils	31	28	67
Plantations	3	3	9
Mines	56	30	109
Others	63	42	128
Totals	401	738	1,600

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	EQUITY GROUPS & SUB-SECTIONS	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Tues August 5 Index No.	Mon Aug 4 Index No.	Fri Aug 1 Index No.	Year ago (approx.) Index No.
67	Insurance (Brokers) (9)	1184.84	−1.1	8.82	4.83	14.83	23.40	1197.76	1205.26	1210.54	1096.81
68	Merchant Banks (12)	327.35	+0.9	—	3.49	—	4.56	324.49	322.62	326.36	226.61
69	Property (50)	769.16	−0.2	5.63	3.57	23.51	10.95	770.89	770.36	776.96	639.59
70	Other Financial (23)	332.30	−0.2	8.77	4.65	14.23	5.98	332.85	332.27	335.36	267.50
71	Investment Trusts (101)	746.77	−0.2	—	3.03	—	10.09	748.60	746.42	745.61	574.87
81	Mining Finance (2)	248.86	−1.0	14.48	6.45	8.05	6.11	251.38	244.86	244.74	248.48
91	Overseas Traders (14)	620.78	−1.2	12.20	7.01	9.73	19.63	628.10	617.80	619.62	606.84
99	ALL-SHARE INDEX (734)	764.23	−1.2	—	4.12	—	13.67	773.68	768.04	773.01	619.38

	Index No.	Day's Change	Day's High	Day's Low	August 5	Aug 4	Aug 1	July 31	July 30	Year ago
FT-SE 100 SHARE INDEX ♣	1540.4	−21.2	1557.4	1539.2	1561.6	1545.4	1561.8	1558.1	1566.3	1286.6

FIXED INTEREST

	PRICE INDICES	Wed August 6	Day's change %	Tues August 5	xd adj. today	xd adj. 1986 to date
	British Government					
1	5 years	122.44	−0.02	122.47	—	6.89
2	5-15 years	140.61	−0.07	140.71	—	7.99
3	Over 15 years	148.20	−0.08	148.32	—	8.13
4	Irredeemables	163.20	−0.62	164.22	—	7.27
5	All stocks	136.96	−0.06	137.04	—	7.71
	Index-Linked					
6	5 years	113.49	−0.03	113.52	—	1.18
7	Over 5 years	114.96	−0.09	115.05	—	1.99
8	All stocks	114.66	−0.08	114.75	—	1.84
9	Debentures & Loans	120.08	−0.06	120.16	—	5.88
10	Preference	84.52	−0.14	84.63	—	3.73

	AVERAGE GROSS REDEMPTION YIELDS		Wed August 6	Tues August 5	Year ago (approx.)
	British Government				
1	Low	5 years	8.23	8.21	10.18
2	Coupons	15 years	9.22	9.20	10.23
3		25 years	9.25	9.24	10.23
4	Medium	5 years	9.55	9.53	10.94
5	Coupons	15 years	9.55	9.53	10.58
6		25 years	9.55	9.53	10.19
7	High	5 years	9.73	9.70	11.04
8	Coupons	15 years	9.71	9.69	10.73
9		25 years	9.54	9.52	10.27
10	Irredeemables †		9.26	9.20	10.06
	Index-Linked				
11	Inflat'n rate 5%	5 yrs.	3.85	3.83	0.0
12	Inflat'n rate 5%	Over 5 yrs.	3.58	3.57	0.0
13	Inflat'n rate 10%	5 yrs.	2.63	2.59	0.0
14	Inflat'n rate 10%	Over 5 yrs.	3.42	3.41	0.0
15	Debs &	5 years	9.99	9.99	11.63
16	Loans	15 years	10.39	10.39	11.48
17		25 years	10.47	10.46	11.33
18	Preference †		10.89	10.87	12.29

♣ Opening index 1557.4; 10 am 1550.1; 11 am 1547.0; Noon 1544.3; 1 pm 1541.3; 2 pm 1539.3; 3 pm 1540.2; 3.30 pm 1540.4; 4 pm 1540.3

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (35)

AMERICANS (1) Browning-Ferris. BANKS (1) Banco de Bilbao SA. BREWERS (1) Belhaven Brewery. BUILDINGS (2) Bailey (Ben), Tay Homes. CHEMICALS (2) Engelhard, Schering AG. ELECTRICALS (1) Toshiba Corpn. ENGINEERING (1) Braithwaite. FOODS (2) Squirrel Horn, Wessanen. INDUSTRIALS (3) Astra AB, Dean and Bowes, Electrolux B. LEISURE (1) WSL. MOTORS (1) Cowie (T.). PROPERTY (2) Capital and Counties 8¾pcLn 1999-2004, Prop. Security Inv. TEXTILES (1) Pantherella. TRUSTS (8) Drayton Japan, General Funds Conv., Jove Inv. Inc., Lowland Inv., Murray Smaller Markets, Do. B, New Tokyo Inv., Stockholders F.E. OILS (5) Bridge Oil, Exxon, Petrofina SA, Royal Dutch, Total-Compagnie Fr. Pet. B. PLANTATIONS (1) Grand Central Invs. MINES (2) Indian Ocean Res., Anglo-Dominion.

NEW LOWS (36)

AMERICANS (3) Amer. Medical Int., Bowater Inc., Rohr Inds. Inc. CANADIANS (1) Inco. STORES (2) Blacks Leisure, Upton (E.) A. ELECTRICALS (3) Laser Lam., Memcom Intnl., Norbain Elect. FOODS (2) Argyll Group, Rowntree Mackintosh. HOTELS (1) Trusthouse Forte. INDUSTRIALS (5) Boots, Brammer, Combined Tech., Limoges Porcelain, Toye. INSURANCE (3) Abbey Life, Heath (C. E.), London and Manchester. LEISURE (1) Samuelson Group. MOTORS (1) Plaxtons (GB). NEWSPAPERS (2) Collins (Wm) A, Euromoney Publ. PAPER (5) Crown Intl. Prod., Davidson Pearce, Ogilvy Group, Saatchi & Saatchi, Do. 6.3pc Cnv.Prf. TRUSTS (2) Caledonia Invs., Aitken Hume. OILS (3) Adelaide Pet., LASMO 9¾pc CmRed.Prf., Oilfield Insp. Srvc. MINES (2) Anglo Amer. Gold, Gopeng Berhad.

BASE LENDING RATES

	%		%
ABN Bank	10	Exeter Trust Ltd.	10½
Allied Arab Bank Ltd	10	Financial & Gen. Sec.	10
Allied Dunbar & Co	10	First Nat. Fin. Corp.	11
Allied Irish Bank	10	First Nat. Sec. Ltd	11
American Express Bk.	10	● Robert Fleming & Co.	10
Amro Bank	10	Robert Fraser & Ptrs.	11
Henry Ansbacher	10	Grindlays Bank	‡10
Associates Cap Corp.	10	● Guinness Mahon	10
Banco de Bilbao	10	● Hambros Bank	10
Bank Hapoalim	10	Heritable & Gen. Trust	10
Bank Leumi (UK)	10	● Hill Samuel	§10
Bank Credit & Comm.	10	C. Hoare & Co.	10
Bank of Cyprus	10	Hongkong & Shanghai	10
Bank of Ireland	10	Knowsley & Co. Ltd	10½
Bank of India	10	Lloyds Bank	10
Bank of Scotland	10	Mase Westpac Ltd.	10
Banque Belge Ltd	10	Meghraj & Sons Ltd.	10
Barclays Bank	10	Midland Bank	10
Benchmark Trust Ltd	10	● Morgan Grenfell	10
Beneficial Trust Ltd	11	Mount Credit Corp. Ltd	10
Berliner Bank AG	10	National Bk. of Kuwait	10
Brit. Bk. of Mid. East	10	National Girobank	10
● Brown Shipley	10	National Westminster	10
CL Bank Nederland	10	Northern Bank Ltd.	10
Canada Permanent	10	Norwich Gen. Trust	10
Cayzer Ltd	10	PK Finans. Intl (UK)	10½
Cedar Holdings	11	Provincial Trust Ltd	11
● Charterhouse Bank	10	R. Raphael & Sons	10
Citibank NA	10	Roxburghe Guarantee	11
Citibank Savings	¶10¾	Royal Bank of Scotland	10
City Merchants Bank	10	Royal Trust Co. Canada	10
Clydesdale Bank	10	Standard Chartered	10
Comm. Bk. N. East	10	Trustee Savings Bank	10
Consolidated Credits	10	UDT Mortgage Express	¶10.9
Continental Trust Ltd.	10	United Bank of Kuwait	10
Co-operative Bank	*10	United Mizrahi Bank	10
The Cyprus Popular Bk	10	Westpac Banking Corp.	10
Duncan Lawrie	10	Whiteaway Laidlaw	10½
E. T. Trust	11	Yorkshire Bank	10
Equatorial Tst Corp. plc	10		

● Members of the Accepting Houses Committee. * 7-day deposits 5.69%. 1-month 6.03%. Top Tier—£25,000+ at 3 months' notice 9.72%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¼% gross. ¶ Mortgage base rate. § Demand deposit 5.82%. Mortgage 11%.

LONDON TRADED OPTIONS

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
Midland Bk (*549)	500	47	60	77	2	10	15
	550	13	27	42	27	33	37
	600	2	8	22	65	67	70

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
Allied Lyons (*316)	300	28	38	48	6	9	12
	330	13	20	30	23	27	32
	360	5	11	17	45	47	50

August 6. Total contracts 19,828. Calls 10,632. Puts 9,196.
*Underlying security price.

WORLD STOCK MARKETS

AUSTRIA

Aug. 6	Price Sch.	+ or —
Credit'nst'lt pp	2,230	—10
Goesser	3,350	+50
Interunfall	13,260	+50
Jungbunzlauer	16,900	+400
Laenderbank	2,230	—10
Perlmooser	607	+2
Steyr Daimler	156	—4
Veitscher Mag	10,900	—50

BELGIUM/LUXEMBOURG

Aug. 6	Price Frs.	+ or —
B.B.L.	3,120	+50
Banq. Gen. Lux	15,500	....
Banq. Int.A.Lux.	14,900	—100
Bekaert	11,500	+275
Climent CBR	5,960	—40
Cockerill	130	+8
Delhaize	2,950	+90
EBES	4,720	+70
Electrobel	14,925	....
Fabrique Nat	2,170	+70
GB Inno BM	7,550	+100
GBL (Brux)	3,220	+70
Generale Bank	6,020	+120
Gevaert	5,800	....
Hoboken	7,580	—20
Intercom	3,930	+110
Kredietbank	16,300	+300
Pan Hldgs	10,900	....
Petrofina	8,860	+90
Royale Belge	26,500	+300
Soc. Gen. Belge	3,110	+60
Sofina	10,350	+550
Solvay	7,390	+150
Stanwick Intl	250	....
Tractinel	6,630	+60
UCB	8,010	+60
Wagons Lits	6,420	—10

DENMARK

Aug. 6	Price Knr %	+ or —
Andelsbanken	387	—1
Baltica Skand	550	—10
Cop Handels'nk	267	+1
D. Sukkerfab	342	+6
Danske Bank	286	....
De Danske Luft	1,370	—50
East Asiatic	201	+4
Forenede Bryg.	1,040	....

GERMANY

Aug. 6	Price Dm.	+ or —
AEG	281	—2
Allianz Vers.	2,310	+20
BASF	245.3	+0.3
Bayer	266.5	+0.7
Bayer-Hypo	556	—1
Bayer-Verein	510	+6
BHF-Bank	512	—3
BMW	476xr	....
Brown Boveri	327	—1.5
Commerzbank	305	+3.5
Cont'l Gummi	300	—2.2
Daimler-Benz	1,164	+6
Degussa	400	+7
D'sche Babcock	172	+2.5
Deutsche Bank	793.5	+2
Dresdner Bank	417	....
Feld-Muehle Nbl	268.5	+8.5
Henkel	416	+1
Hochtief	1175	....
Hoechst	244.1	—0.4
Hoesch werke	156.5	....
Holzmann (P)	600	+15
Horten	206	....
Hussel	596	+13
Karstadt	389.5	—3.5
Kaufhof	485	—1
KHD	215	+2
Kloeckner	74	+0.1
Linde	705	—5
Lufthansa	180	—1
MAN	216	—2
Mannesmann	185	—1
Mercedes Hld	1,010	+15
Metallgesell	298	—7
Muench Rueck	2,350	+120
Nixdorf	608	+8
Porsche	945	—15
Preussag	173	....
Rhein West Elect	205	+8
Rosenthal	365	+5
Schering	570	+10
Siemens	627.5	—5.5
Thyssen	152.8	—1.6
Varta	341	+5
Veba	261	+1
V.E.W.	155	+3
Verein-West	428	....
Volkswagen	456.5	—1

AUSTRALIA (continued)

Aug. 6	Price Aust.$	+ or —
Gen. Prop. Trust	2.76	....
Hardie (James)	5.4	—0.02
Hartogen Energy	1.8	+0.05
Herald W'yTimes	5.06	+0.08
ICI Aust.	2.5	+0.05
Industrial Equity	6.4	+0.1
Jimberlana F.P.	0.24	....
Kia Ora Gold	0.17	....
Kidston Gold	6.5	—0.01
Lend Lease	8.3	+0.2
MIM	1.57	....
Mayne Nickless	2.7	....
Nat. Aust. Bank	5.16	+0.12
News	20.6	....
Nicholas Kiwi	2.95	+0.06
Noranda (P.P.pd)	1.1	....
North Bkn Hill	1.96	....
Oakbridge	0.8	+0.1
Pacific Dunlop	3.32	+0.08
Pancontinental	2.2	+0.01
Pioneer Conc	2.44	+0.04
Poseidon	2.75	....
Queensland Coal	1.78	+0.01
Reckitt & Colman	4.6	+0.2
Repco	2.35	....
Santos	3.6	+0.1
Smith Howard	4.25	+0.05
Thos. Natwide	3.0	....
Tooth	5.6	—0.06
Vamgas	2.45	—0.1
Western Mining	3.35	....
Westpac Bank	4.46	+0.04
Woodside Petrol.	0.92	+0.06
Woolworths	3.0	+0.05
Wormald Intl	3.85	—0.06

HONG KONG

Aug. 6	Price H.K.$	+ or —
Bank East Asia	19.8	—0.2
Cathay Pacific	5.85	+0.2
Cheung Kong	23.4	—0.2
China Light	16.3	....
Evergo	0.62	+0.01
Hang Seng Bank	35	—0.25
Henderson Land	2.92	—0.05
HK China Gas	17.4	+0.5
HK Electric	9.5	....
HK Kowloon Wh.	7.65	....
HK Land	6.2	....
HK Shanghai Bk.	7.0	....
HK Telephone	13.0	....
Hutchison Wpa	31.75	....
Jardine Math	15.1	....

NORWAY

Aug. 6	Price Kroner	+ or —
Bergens Bank	155	+0.5
Borregaard	355	....
Christians Bank.	175	+1.5
DenNorske Cred.	155.5	....
Elkem	89.5	—1.5
Kosmos	138	....
Kvaerner	164	+2
Norcem	97	+3
Norsk Data	190.5	+2
Norsk Hydro	135	....
Storebrand	266	+2.5

SPAIN

Aug. 6	Price Pta %	+ or —
Bco Bilbao	960	+10
Bco Central	739	....
Bco Exterior	400	+9
Bco Hispano	405	+5
Bco Popular	1,215	+50
Bco Santander	735	+10
Bco Vizcaya	1,380	+20
Dragados	340	—1
Hidrola	118.5	+1.8
Iberduero	170	—3
Petroleos	332	—12
Telefonica	190	+1.3

SWEDEN

Aug. 6	Price Kronor	+ or —
AGA	192	—6
Alfa-Laval B	340	....
ASEA (Free)	375	—1
Astra (Free)	684	....
Atlas Copco	222	....
Cardo (Free)	305	....
Cellulosa	285	—4
Electrolux B	299	—5
Ericsson B	218	—1
Esselte	530	....
Mo och Domsjo	315	....
Pharmacia	208	—1
Saab Scania Free	750	....
Sandvik	182	....
Skandia	630	—13
SKF	353	—4
Sonneson	185	....
StoraKopparbrg.	325	+5
Swedish Match	370	+10
Volvo B (Free)	390	—3

JAPAN (continued)

Aug. 6	Price Yen	+ or —
MHI	492	—3
Mitsui Bank	1,090	+30
Mitsui Co.	540	+7
Mitsui Estate	1,870	—60
Mitsui Toatsu	368	—6
Mitsukoshi	1,200	—20
NGK Insulators	845	+5
Nikko Sec.	1,480	—70
Nippon Denso	1,330	+50
Nippon Elect	1,390	....
Nippon Express	1,010	—30
Nippon Gakki	1,700	+50
Nippon Kogaku	875	+7
Nippon Kokan	230	—2
Nippon Oil	1,140	—60
Nippon Seiko	489	—1
Nippon Shimpan	1,540	+30
Nippon Steel	189	—5
Nippon Suisan	540	+5
Nippon Yusen	480	—20
Nissan Motor	547	....
Nisshin Flour	800	+14
Nomura	2,680	—30
Olympus	1,000	+1
Onoda Cement	533	—6
Orient Finance	1,270	....
Orient Leasing	4,000	—110
Pioneer	1,950	+40
Ricoh	786	+5
Sankyo	1,460	—10
Sanwa Bank	1,360	—30
Sanyo Elect	401	+11
Sapporo	1,260	—10
Sekisui House	1,390	+10
Seven Eleven	9,500	—60
Sharp	880	+10
Shimizu Constn.	615	—15
Shionogi	1,350	—50
Shiseido	2,040	—20
Showa Denko	346	—9
Sony	2,930	—60
S'tomo Bank	2,030	—10
S'tomo Chem.	404	—8
S'tomo Corp.	1,020	+20
S'tomo Elect	1,330	+10
S'tomo Metal	164	—4
Taisei Corp	585	—12
Taisho Marine	920	—24
Taiyo Kobe Bank	740	+20
Takeda	1,780	—10
TDK	3,110	....
Teijin	509	—10
Toa Nenryo	1,710	—110
Tokai Bank	995	—25
Tokio Marine	1,410	—30
Tokyo Elect Pwr.	5,870	—130
Tokyo Gas	789	—25
Tokyu Corp.	1,040	—30
Toppan Print	1,380	+10

ITALY

FRANCE

NETHERLANDS

SWITZERLAND

SINGAPORE

SOUTH AFRICA

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kronor.

CANADA

TORONTO
Closing prices August 6

MONTREAL
Closing prices August 5

OVER-THE-COUNTER Nasdaq national market, closing prices

Continued from Page 31

Indices

NEW YORK

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Chevron	2,925,000	40	+1¼	Exxon	2,151,300	64⅝	+2⅝
Atl Richfield	2,648,500	51⅛	+3⅞	USX	2,100,600	16⅞	+1⅞
Texaco	2,336,700	30⅞	+⅜	Diam Shamrck	1,962,900	10⅝xd	—¾

TORONTO	Aug 6	Aug 5	Aug 4	Aug 1	1986 High	1986 Low
Metals & Mins	1,951.7	1,917.3	closed	1,934.98	2,442.85 (21/3)	1,934.8 (18/7)
Composite	2,986.7	2,955.6	closed	2932.50	3,129.11 (18/4)	2,754.9 (17/2)
MONTREAL Portfolio	1,485.74	1,474.18	1,459.46	1,458.14	1,823.33 (16/4)	1,385.6 (22/1)

* Indicates pre-close figure

** Saturday August 2: Japan Nikkei 17,264.8. TSE 1,406.97.

Base value of all indices are 100 except Brussels SE—1,000; JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON Chief price changes (in pence unless otherwise indicated)

RISES		
Banks (Sid C)	328	+20
BPCC	263	+15
Cent Norse	408	+15
D. J. Sec Al	115	+27
Kleinwort	740	+25
Prop Sec. Inv	129	+8

FALLS		
AE	210	—11
Beecham	386	—12
Blacks Lei	6½	—4
Boots	213	—11
BP	590	—20
Britoil	115	—5
Devenish (J.A.)	220	—12
Ferranti	114	—10
GKN	290	—56
Gen Acc	789	—23
GEC	190	—6
GRE	812	—27
Hawker Sid	491	—26
Lucas Inds	516	—14
Metal Box	153	—10
Plessey	198	—8
Rowntree Mac	380	—17
Vickers	401	—12

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 31

NYSE COMPOSITE CLOSING PRICES

Continued from Page 30

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
46½	25½	Wrigly s .96		2 1	20	170	45⅞	43	45¼	+2¼
17½	10½	WyleLb .32		2 8	35	217	11⅝	11½	11½	−⅛
25¾	15	Wynns .60		2 9		38	20¾	20½	20½	
72¼	45¾	Xerox	3	5 8	16	2114	52⅞	51⅞	52⅞	−⅜
58¼	53½	Xerox pf5.45		9 6		38	57	56½	56⅝	−⅜
28¾	20⅝	XTRA	.64	2 9		208	22½	22¼	22½	−⅛
17⅝	13½	Yorkln n				320	15⅞	15⅜	15⅝	−¼
39	25¼	ZaleCp 1.40		4 1		66	34½	33¾	34½	−⅛
9⅞	3½	Zapata .03j				715	4¼	4	4⅛	−⅛
43⅞	23⅞	Zayre s .32		1 2	16	12554	27¾	26⅝	26⅞	−⅛
17	11¼	Zemex .40		3 5	12	8	11½	11⅜	11½	−⅛
29⅞	16¼	ZenithE				1245	23⅛	22½	23⅛	+½
18¼	8½	ZenLb s			25	1230	10⅝	10	10	−⅝
22⅜	14½	Zero s .29		2 0	15	354	15	14⅜	14¾	−⅜
45¾	32½	Zurnln 1.32		3 5	14	201	38⅞	36½	38½	−2

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrents. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER

Nasdaq national market, closing prices

Continued on Page 29

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET
Midsession losses recouped

A FIRMER TONE developed on Wall Street yesterday as determined attempts at profit-taking were brushed aside, *writes Paul Hannon in New York.*

A technical downturn originated in the oil sector and spread to the broad market in early trading, but by the close the Dow Jones industrial average had reversed midsession losses of over 8 points to finish 2.53 ahead at 1,779.53. The transportation average however finished 1.50 down at 709.38. Volume fell back to 127.5m shares.

Comments from Mr Beryl Sprinkle, the White House economic adviser, on the likely 4 per cent growth in the economy for the rest of the year aided sentiment.

The bond market turned lower as the Treasury refunding operation gathered momentum and a poor reception was afforded the new 10-year notes.

In the stock market, blue chips and oil-related stocks lost ground. IBM recouped early losses to finish $¼ up at $131⅛, American Can added $⅛ to $82¾ in thin trading and Merck firmed $¾ to $108¼.

Texaco, up $⅛ to $30½, was one of the few bright features in an oil sector weakened by profit-takers and some reconsideration of the Opec accord. Exxon maintained early losses to trade $¼ lower at $64½ after Tuesday's $2⅝ jump while Chevron at $39¾ was $¼ cheaper. Pennzoil retreated $¼ to $53¼ and Standard Oil fell $¾ to $43⅝ amid speculation that it was bidding for Transco, the natural gas pipeline group, which surged $4¾ to $43¼.

Banks, which gained ground directly after the Opec news, made sporadic progress, with BankAmerica up $⅜ to $13⅝ on revived takeover speculation although Citicorp dropped $⅛ to $53½ and Chase Manhattan dipped $⅛ to $40.

The Sumitomo-Goldman Sachs news gripped the securities sector, with Merrill Lynch up $⅝ to $33¾, Morgan Stanley $¼ higher at $65½ and E.F. Hutton $⅜ ahead at $36.

Owens Corning Fibreglas returned to trade unchanged at $74 in heavy volume after a morning suspension. On Tuesday it jumped $6⅞ on speculation that Wickes, the building products group, was preparing a bid. Traded on the American Stock Exchange, Wickes dropped $ ¼ to $5⅝ in heavy volume.

The leading Detroit car makers turned mixed in late trading. General Motors posted a $1⅛ gain to $70¾, Ford was $¾ weaker at $54¼ and Chrysler dipped $⅛ to $36⅞.

Hershey Foods continued to make progress wth its $2½ jump to $80¼ while Tootsie Roll Industries, the specialist candy maker, gained $1⅝ to $43¼ on its higher second-quarter figures.

Burlington Northern was $⅛ lower at $51 as the board met to discuss the recent volatility of its stock price. Ex-Cell-O gave up $¼ of its $19⅝ jump on Tuesday to trade at $73⅛ while Textron, which is bidding for the diversified engineering group, fell $¼ to $52½.

CBS jumped $4¼ to $133⅜ as Mr Preston Tisch, president of Loews Corp, which hold a large stake in the broadcaster, was named as the new Postmaster General. Loews gained $1¾ to $61¾.

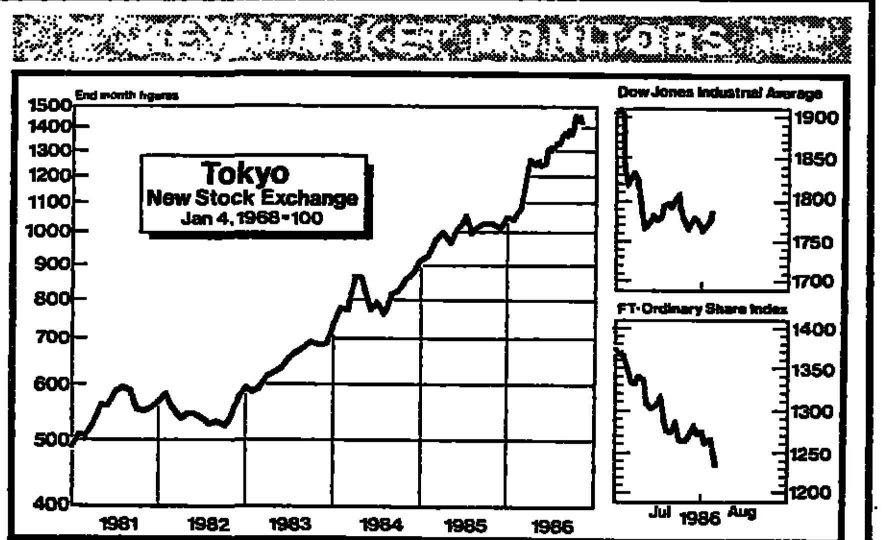
In the bond market, prices recovered from their lows as the Treasury refunding operation gathered steam. Widespread concern remains over the level of foreign demand for the refunding and the recent jump in oil prices.

The key long bond, the 7¼ per cent of 2016, was $^{17}/_{32}$ down at 96⅝₃₂ to yield 7.50 per cent.

The 10-year 7⅜ per cent was weaker – reflecting the Treasury's reissue of these notes – with its drop of $^{29}/_{32}$ at $99^{17}/_{32}$ to yield 7.45 per cent.

Federal funds opened at 6¼ per cent and later traded at $6^{3}/_{16}$ per cent.

Rates on Treasury bills turned mixed with the three-month bill down one basis point to 5.71 per cent and the six-month bill two basis points up at 5.79 per cent. The 12-month bill was quoted at 5.85 per cent, up three basis points.



STOCK MARKET INDICES

	August 6	Previous	Year ago
NEW YORK			
DJ Industrials	1,779.00	1,777.00	1,325.16
DJ Transport	709.38	710.88	618.41
DJ Utilities	203.39	202.95	154.39
S&P Composite	236.84	237.03	187.93
LONDON			
FT Ord	1,233.7	1,265.8	955.7
FT-SE 100	1,540.4	1,561.6	1,287.5
FT-A All-share	764.23	773.68	619.38
FT-A 500	839.28	850.57	678.38
FT Gold mines	193.3	193.1	310.9
FT-A Long gilt	9.54	9.52	10.30
TOKYO			
Nikkei	17,353.48	17,414.78	12,437.3
Tokyo SE	1,417.84	1,429.00	1,008.12
AUSTRALIA			
All Ord.	1,139.6	1,127.2	937.0
Metals & Mins.	518.2	516.0	541.8
AUSTRIA			
Credit Aktien	233.91	234.00	n/a
BELGIUM			
Belgian SE	3,769.70	3,707.05	2,302.34
CANADA			
Toronto			
Metals & Minls	1,951.7	1,917.3	2,058
Composite	2,986.7	2,955.6	2,761.5
Montreal			
Portfolio	1,485.74	1,474.19	135.35
DENMARK			
SE	203.90	201.77	217.86
FRANCE			
CAC Gen	376.80	379.80	216.1
Ind. Tendance	143.80	145.20	79.8
WEST GERMANY			
FAZ-Aktien	626.49	620.26	479.04
Commerzbank	1,894.00	1,865.30	1,407.7
HONG KONG			
Hang Seng	1,887.83	1,889.04	1,700.93
ITALY			
Banca Comm.	736.04	742.23	365.59
NETHERLANDS			
ANP-CBS Gen	288.70	289.90	218.9
ANP-CBS Ind	288.30	287.40	188.3
NORWAY			
Oslo SE	338.35	337.19	347.27
SINGAPORE			
Straits Times	764.77	763.64	753.98
SOUTH AFRICA			
JSE Golds	–	1,392.7	836.4
JSE Industrials	–	1,254.7	913.0
SPAIN			
Madrid SE	185.49	184.96	81.63
SWEDEN			
J & P	2,506.41	2,527.16	1,372.37
SWITZERLAND			
Swiss Bank Ind	504.20	501.60	454.5
WORLD	Aug 5	Prev	Year ago
MS Capital Int'l	330.2	328.0	216.6

COMMODITIES

(London)	Aug 6	Prev
Silver (spot fixing)	349.45p	346.05p
Copper (cash)	£881.00	£871.50
Coffee (Nov)	£1,703.00	£1,717.50
Oil (Brent blend)	$13.05	$13.95

GOLD (per ounce)

	August 6	Prev
London	$361.00	$359.00
Zürich	$362.55	$358.60
Paris (fixing)	$362.36	$357.74
Luxembourg	$361.15	$358.25
New York (Dec)	$368.10*	$366.10

CURRENCIES

(London)	US DOLLAR Aug 5	US DOLLAR Previous	STERLING Aug 5	STERLING Previous
$	–	–	1.4795	1.4860
DM	2.0815	2.0880	3.0800	3.1025
Yen	154.35	154.90	228.25	230.25
FFr	6.7650	6.7725	10.010	10.065
SFr	1.6770	1.6865	2.480	2.505
Guilder	2.346	2.352	3.47	3.495
Lira	1,430.5	1,432	2,116.5	2,136.75
BFr	43.00	43.20	63.60	64.20
C$	1.3820	1.3800	2.0450	2.0630

INTEREST RATES

	Aug 6	Prev
Euro-currencies (3-month offered rate)		
£	$9^{13}/_{16}$	9⅞
SFr	4⅝	4½
DM	$4^{11}/_{16}$	4⅝
FFr	$7^{5}/_{16}$	$7^{5}/_{16}$
FT London Interbank fixing (offered rate)		
3-month US$	6½	6½
6-month US$	6½	6½
US Fed Funds	$6^{3}/_{16}$*	6¼
US 3-month CDs	6.15*	6.375
US 3-month T-bills	5.725*	5.88

US BONDS

Treasury

		August 6* Price	August 6* Yield	Prev Price	Prev Yield
6⅝	1988	$100^{3}/_{32}$	6.59	$100^{3}/_{32}$	6.556
7¼	1993	$99^{19}/_{32}$	7.334	$99^{3}/_{32}$	7.252
7⅜	1996	$99^{17}/_{32}$	7.441	$99^{31}/_{32}$	7.377
7¼	2016	$96^{19}/_{32}$	6.562	$96^{19}/_{32}$	7.537

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return index	Aug 6* Day's change	Yield	Day's change
1–30	153.37	−0.33	7.33	+0.04
1–10	146.62	−0.19	7.06	+0.03
1–3	139.05	+0.00	6.66	+0.01
3–5	148.96	−0.12	7.23	+0.03
15–30	177.68	−0.84	8.23	+0.05

Source: Merrill Lynch

Corporate	August 6* Price	August 6* Yield	Prev Price	Prev Yield
AT & T				
3⅞ July 1990	91⅛	6.50	91½	6.38
SCBT South Central				
10⅞ Jan 1993	106⅜	9.55	106½	9.53
Phibro-Sal				
8 April 1996	96.73	8.50	97.4	8.40
TRW				
8¾ March 1996	100.95	8.60	101⅝	8.50
Arco				
9⅞ March 2016	101⅞	9.67	102.18	9.65
General Motors				
8¾ April 2016	90	9.10	91	9.00
Citicorp				
9⅞ March 2016	95¾	9.81	96	9.79

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	96-01	96-18	95-26	96-18
US Treasury Bills (IMM) $1m points of 100%				
Sept	94.39	94.45	94.38	94.43
Certificates of Deposit (IMM) $1m points of 100%				
Sept	n/a	n/a	n/a	93.89
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	93.54	93.54	93.50	93.55
20-year Notional Gilt £50,000 32nds of 100%				
Sept	120-06	120-14	119-28	120-15

* Latest available figures

TOKYO
Depressed by lack of enthusiasm

LACK OF ENTHUSIASM caused share prices to fall back in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

Heavy electrical shares such as Toshiba and Mitsubishi Electric and electric wire and cable and telecommunications equipment stocks were favoured as issues related to Nippon Telegraph and Telephone (NTT).

But electric power and gas stocks and large-capital issues such as steels and shipbuildings lost ground.

The Nikkei average lost 61.30 to 17,353.48 on volume of 693.06m shares, compared with Tuesday's 636.87m. Losses outpaced gains by 477 to 375, with 112 issues unchanged.

Investors became increasingly nervous about the outlook for share prices in the light of the rebound in crude oil prices after the Opec agreement on production cutbacks

With many institutional and individual investors moving to the sidelines, share prices edged downwards most of the day. Turnover quickened amid growing concern over the market's prospects.

Toshiba and some other NTT-related heavy electricals were actively traded in an otherwise depressed market. Toshiba topped the list of active stocks with 106.73m shares. It gained Y20 to Y530, passing the previous high of Y529 reached in August 1981. Mitsubishi Electric, with 42.65m shares traded, rose Y2 to Y454.

Large securities houses appear to be trying to enhance the status of these shares to replace the steels and shipbuildings which led the boom market in July.

Among other big-capital shares, Mitsubishi Heavy Industries, with 22.71m shares traded, rose Y5 to Y500 in the morning but finished Y3 down at Y492. Nippon Steel shed Y5 to Y189 and Ishikawajima-Harima Heavy Industries Y16 to Y387.

Electric power and gas stocks lost across the board in response to the crude oil price upturn and the yen's slide against the dollar. Tokyo Electric Power lost Y130 to Y5,870. Tokyo Gas, with 38.48m shares traded, fell Y25 to Y789.

These large-capital issues were replaced by shares in companies closely related to NTT in respect of business and capital. These firms are expected to maintain their advantageous positions in regard to equipment supply and construction work after NTT's privatisation.

Furukawa Electric, an optical fibre maker with 19.26m shares traded, added Y31 to Y541. Fujikura climbed Y27 to Y744. Daimei Denwa moved the maximum Y200 up to Y1,530. Mitsuboshi Belting, drawing strength from its move into Captain videotex services together with NTT, also went the maximum Y400 up to Y3,350.

The bond market weakened in response to an overnight decline in long-term US government bond prices, with the yield on the bellwether 6.2 per cent government bonds due in July 1995 rising to 4.710 per cent from Tuesday's 4.675 per cent.

Institutional investors and dealers were pessimistic on one hand as prospects for a fourth cut in the central bank's discount rate receded because of the rebound in crude oil prices. At the same time, they expected Opec would not be able to maintain lower production levels after October.

CANADA

OIL STOCKS continued to rise in Toronto under the influence of Opec's agreement to cut production.

Imperial Oil Class A traded C$¼ up to C$39⅝, and Dome Petroleum added 19 cents to C$1.47. However, Texaco Canada slipped C$¼ lower to C$26⅝.

Gold shares traded higher, with Echo Bay up C$1 to C$24⅜ and Dome Mines C$⅛ to C$7⅞.

Among actives Canadian Imperial Bank of Commerce rose C$¼ to C$17¼ while National Business Systemes traded C$1¼ lower to C$38⅜ and Alberta Energy lost C$⅛ to C$11.

EUROPE
Output cuts meet mixed response

THE OUTPUT CUT agreed by Opec members met a mixed response in Europe yesterday as some bourses rose on expectations of a higher oil price and some were depressed by the prospect.

Brussels surged on the news. The Belgian stock exchange index shot up 62.65 points to a record 3,769.70 after adding 56.90 points in the previous session. The last high was recorded on July 7 when the index hit 3,746.88.

French, British and domestic buyers sent high-volume stocks higher with strong gains recorded among oil and oil-related issues, utilities and holding companies.

Sentiment was also strengthened by the Government's agreement earlier this week on refinancing the country's debt as well as the adoption of other austerity measures.

Utilities responded strongly to this renewal of confidence in the Government. Intercom jumped BFr 120 to BFr 3,930.

GBL attracted interest after recent developments in the media sector in which it has large interests. The issue surged BFr 70 to BFr 3,220.

Oil issue Petrofina put on BFr 90 to BFr 8,890 while chemical stock Solvay soared BFr 150 to BFr 7,390.

Amsterdam's flurry on Opec news yesterday was short-lived, and prices ended lower, depressed by disappointing profit figures from Akzo, down Fl 2.50 at Fl 161.20.

Royal Dutch fell to profit-taking after strong gains on Tuesday. It dropped Fl 1.60 to Fl 191.50.

Philips ended up 10 cents at Fl 47.50 as investors turned optimistic ahead of results due next week, and KLM lost 60 cents to Fl 44.90 despite higher traffic in July.

Zurich was mixed with a firmer bias, with blue chips and banks finding favour. Bonds moved slightly higher.

Frankfurt investors turned hesitant as the dollar renewed its slide.

Firmer oils gave some heart to banking issues but pushed chemicals lower.

Deutsche added DM 2 to DM 793.50, and Commerzbank rose DM 3.50 to DM 305, but Hoechst eased 40 pfg to DM 244.10 and BASF managed only a 30 pfg gain to DM 245.

Bonds ended the session little changed but with an easier bias. The Bundesbank sold DM 24.9m worth of domestic paper after selling DM 122.1m on Tuesday.

Madrid rose in active trading, with banks the most popular sector.

Paris turned down under a late bout of selling triggered by worries over the oil price and the Government's rising rate of debt offerings.

Small falls were registered by oil stocks including Total-CFP which closed FFr 5 down at FFr 383, though Elf-Aquitaine added FFr 2 to FFr 298. Car makers and related issues also drifted lower. Valéo fell FFr 36 to FFr 471, Michelin lost FFr 85 to FFr 3,215 and Peugeot was down FFr 2 to FFr 998.

Food and beverage stocks were generally mixed. Champagne to roses group Moët-Hennessy added FFr 10 to FFr 2,190, Perrier mineral water group was FFr 13 down at FFr 760, Pernod-Ricard slipped FFr 25 to FFr 1,011 and BSN was FFr 37 to FFr 4,000.

Milan drifted lower under profit-taking pressure. But trading was thin as the holiday season began to take effect.

Montedison lost L84 to L3,386, Fiat fell L155 to L14,650 and Olivetti was L100 lower at L16,700.

In the insurance sector Generali lost a hefty L1,450 to L14,250. Elsewhere, Mediobanca closed L2,600 higher at L267,700 and Banca Commerciale was unchanged at L23,950.

Stockholm was also hit by profit-taking following a rise in domestic interest rates. Among the losers were Volvo which fell SKr 3 to SKr 390, Ericsson which lost SKr 1 to SKr 210 and Electrolux which was SKr 5 down at SKr 299. Asea closed SKr 1 lower at SKr 375.

HONG KONG

SMALL LOSSES were seen in Hong Kong although the retreat from the 1,900-mark appeared to be running out of steam.

However, utilities which saw some of the sharpest falls on Tuesday, ended the session steady to firmer. Takeover rumours buoyed China Gas which added 50 cents to HK$17.40 while China Light firmed 10 cents to HK$16.30 and TV-B added 5 cents to HK$7.55. Hongkong Electric was unchanged at HK$9.50.

Other sectors were generally lower. Among properties SHK lost 10 cents to HK$14 although Hongkong Land and Hongkong Wharf were unchanged at HK$7.65 and HK$6.20, respectively.

Also steady were Hutchison Whampoa at HK$31.75 and Jardine Matheson at HK$15.10. Hongkong Bank was unchanged at HK$7, but Swire Pacific fell 10 cents to HK$13.40.

SOUTH AFRICA

SHARP GAINS were seen in golds and other mining stocks in South Africa as the bullion price went above $360 an ounce.

Among the golds Buffelsfontein added R4.50 to 586, Driefontein rose R1.75 to R57 and Gold Fields was R1.15 higher at R43.15.

Rustenburg Platinum rose R2 to R49.25, and diamond share De Beers added R1.10 to R32.35. Mining financial Anglo American was R2.50 higher at R52.50.

Elsewhere among industrials Barlow Rand was unchanged at R18.40 while Barclays Bank firmed 25 cents to R21.50.

LONDON
Scepticism brings sharp fall

SCEPTICISM over Opec's agreement to cut oil production depressed London yesterday, and the FT Ordinary index closed 32.1 lower at 1,233.7, its biggest one-day fall ever.

Worries over GKN's warning on second-half trading prospects added to the air of despondency. The group closed 56p lower at 290p. Boots fell 11p to 213p on confirmation that it planned to raise £377.5m to buy Flint Laboratories of the US. Rowntree Mackintosh, which is also calling for funds, fell a further 17p to 380p.

The official block on GEC's bid for Plessey left shares of both groups lower. GEC fell 6p to 190p and Plessey 8p to 198p, both in active trading.

Profit-taking hit oils, with BP down 20p at 590p and Britoil 5p at 115p.

In the bond market longer and shorter issues settled marginally cheaper on the day.

Chief price changes, Page 29; Details, Page 28; Share information service, Pages 26–27.

AUSTRALIA

THE FIRMER TREND continued in Sydney as the Australian dollar strengthened and crude oil prices soared.

Resources, notably oils, again led the rise, with Santos adding 10 cents to A$3.60 and Ampol Exploration 13 cents to A$1.90.

Vamgas, facing a bid from National Mutual, added 10 cents to A$2.45.

BHP, with large oil interests, added another 4 cents to A$8.10 although trading was thin, and CSR, which also has oil interests, firmed 5 cents to A$2.80. Bell Resources, with a 30 per cent stake in BHP, added 10 cents to A$4.40 after announcing its results.

Elsewhere among banks National Australia rose 12 cents to A$5.18 and Westpac 4 cents to A$4.46.

SINGAPORE

SOME PROFIT-TAKING led to uncertainty in Singapore which closed mixed following the rising trend over the previous two sessions.

Among the banks OCBC rose 5 cents to S$7.30 while Malay Banking lost 14 cents to S$3.72 and DBS was 5 cents lower at S$7.05.

Active trading was seen in Yeo Hiap Seng which lost 3 cents to close at S$2.53. UIC added 7 cents to S$2.09, also in active trading.

Elsewhere, Straits Trading was 8 cents up to S$2.91, Singapore Press added 5 cents to S$8.10 and Fraser and Neave rose 10 cents to S$7.65.